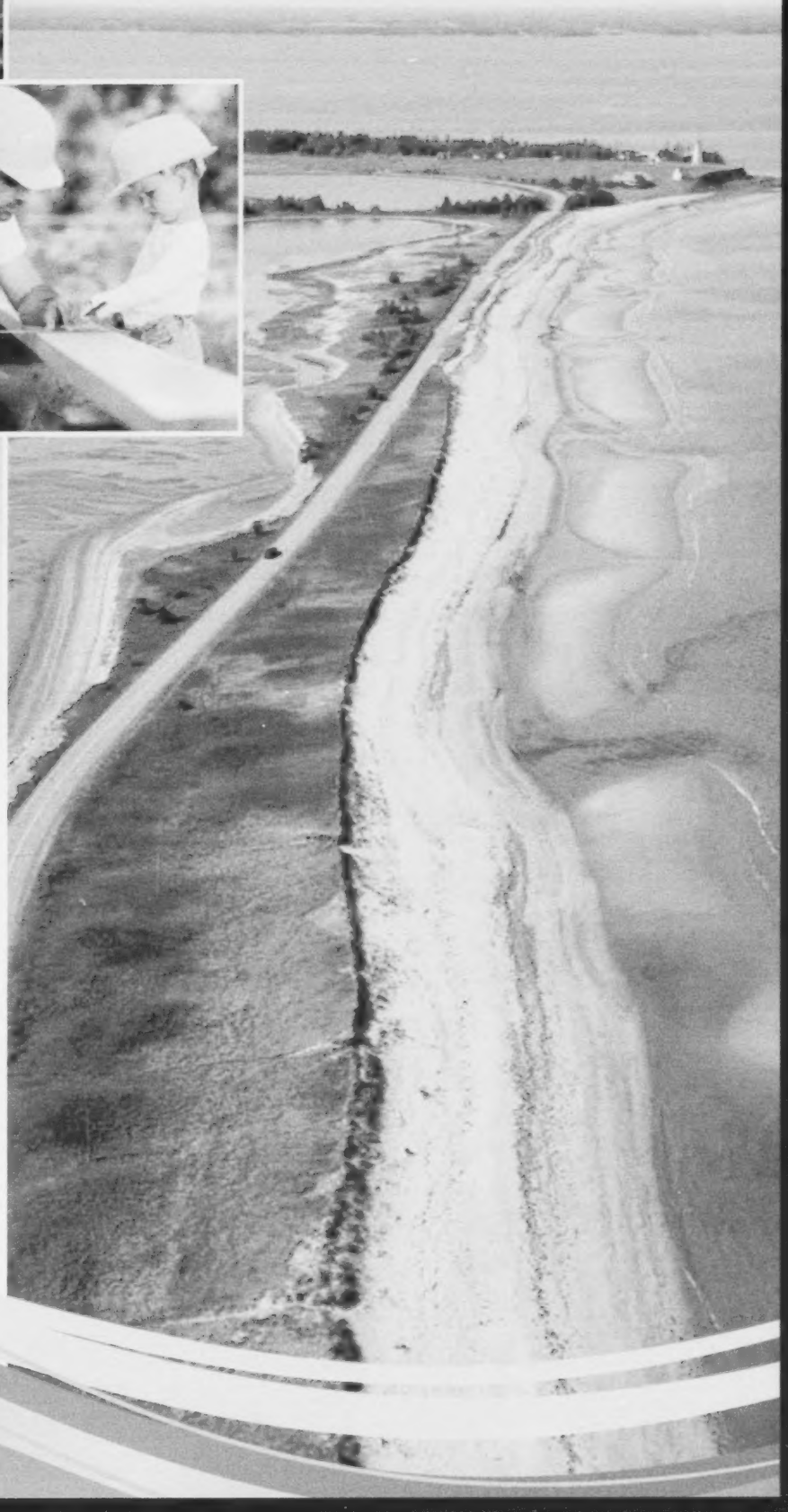

Safety Matters @Work

Workers Compensation Board of PEI

2015 Annual Report

Safety Matters @Work

Workers Compensation Board of PEI

www.wcb.pe.ca

Letter of Transmittal

Safety Matters @Work
Workers Compensation Board of PEI

www.wcb.pe.ca

April 30, 2016

Hon. Wade MacLauchlan
Minister of Justice and Public Safety
Fourth Floor, Shaw Building, South
95 Rochford Street
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Minister MacLauchlan:

In accordance with Section 34 of the *Workers Compensation Act*, the Board is pleased to provide its Annual Report for the year ending December 31, 2015.

Respectfully submitted,

Stuart Affleck

Stuart Affleck
Workers Compensation Board Chair

14 Weymouth Street, P.O. Box 757
Charlottetown, Prince Edward Island, C1A 7L7
Telephone 902 368 5680
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The Workers Compensation Board of Prince Edward Island

The Workers Compensation Board (WCB) has been an integral part of the Island community since 1949. We serve over 70,000 workers and approximately 5,000 employers through the fair and effective administration of the provincial workplace compensation and safety system.

Our Mission

The WCB exists to protect workers and employers through a sustainable no-fault injury insurance program by caring for injured workers, promoting safe and healthy workplaces and enforcing safety legislation.

Our Vision

Workplaces are safe. Injuries are eliminated. Service excellence is assured.

Our Values

Integrity We honour and are accountable for our commitments to our stakeholders and each other by operating in an open and transparent manner and being responsible for our actions and performance.

Fairness Our work focuses on the needs of our stakeholders and a balance of both worker and employer interests. We consistently apply legislation and policy.

Professionalism We strive for excellence in all aspects of our service delivery. We interact in a respectful, competent and efficient manner. We possess the knowledge, skills and attitudes that foster confidence in our stakeholders.

Teamwork We build a collaborative culture by supporting each other; sharing ideas, opinions, and strengths; and sharing responsibility and leadership to meet our common goals.

Strategic Themes for 2013-2015

To meet and exceed the workplace safety and compensation needs of all Islanders, we have focused our efforts around five strategic themes:

- Safety Culture
- Return to Work Culture
- Service Excellence
- Collaboration
- Engagement and Communication

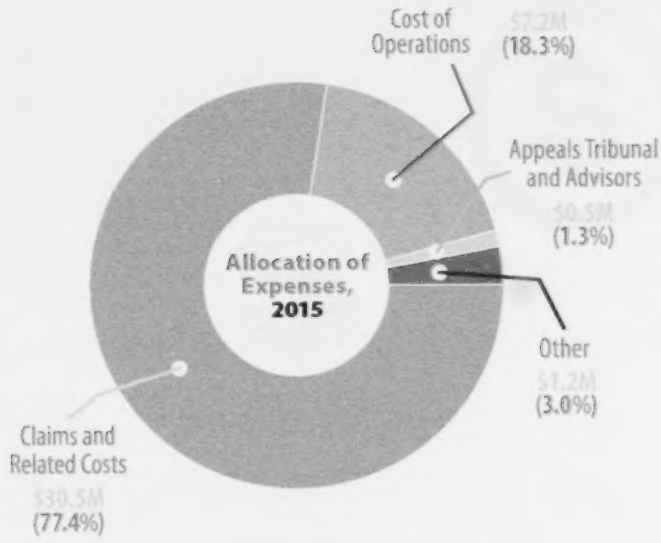
Statistical Highlights

Safety Culture: Injury Frequency Rate, 2006-2014

(Number of time loss injuries per 100 workers)

Funded Position (Percentage)

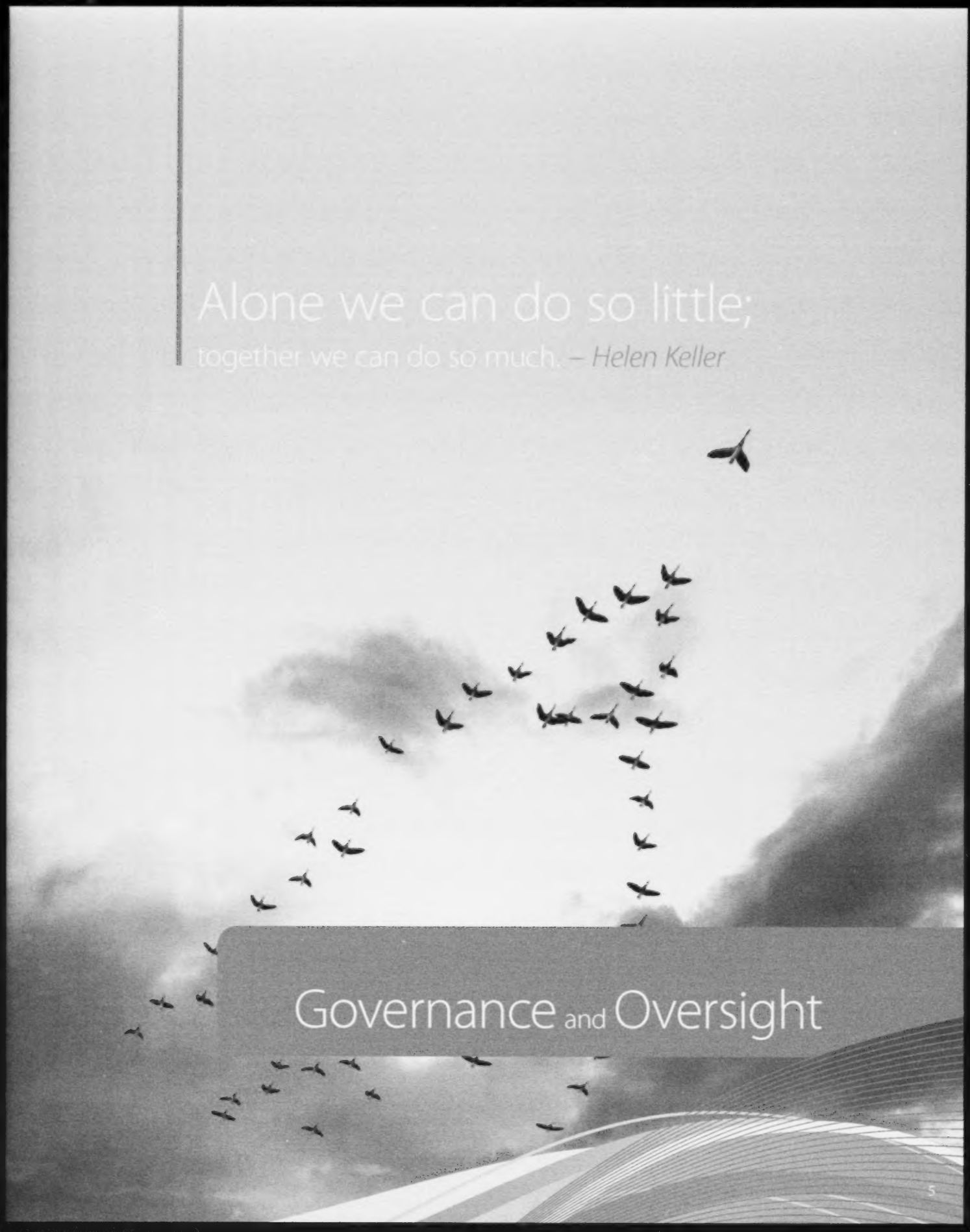
Investment Returns – Smoothed
Recognizing gains and losses of investments over four or nine years (depending on the type of investment) rather than recording them entirely in the year they occur.



Financial Highlights, 2015/2014

Financial Highlights	2015	2014
Assessment Revenue ($ millions)	33.3	34.3
Investment Revenue ($ millions)	9.8	18.2
Claim Costs ($ millions)*	22.7	22.5
Administration Expenses ($ millions)	7.7	7.6
Surplus (Deficit) ($ millions)	(7.9)	18.8
Fund Balance ($ millions)	69.8	77.7
Investment Returns (%)	4.3	8.46

** Restated to exclude latency occupational disease adjustment*


Alone we can do so little;
together we can do so much. – Helen Keller
Governance and Oversight

Stuart Affleck
Workers Compensation Board Chair
Président de la Commission
des accidents du travail

Perspectives from the Chair

As a new Chair of the Workers Compensation Board (WCB), and a long time Board member, it is an honour to take an active role in the Island's workplace safety and compensation system. The main focus of the Workers Compensation Board is prevention of workplace accidents and helping injured workers return to work. In 2015 these efforts were centered on governance, engagement and service excellence. This was our final year of our strategic planning cycle and the beginning of planning for our next three-year plan.

Governance

The role of a governance board is to lead organizational policy to ensure it has a positive impact on the services and programs the WCB provides. In 2015 the Board focused on policy amendments that promoted collaboration and ensured that our policies reflect a labour environment tailored to Prince Edward Island. Two more

Message du président

En tant que nouveau président de la Commission des accidents du travail (CAT) et membre depuis longtemps du conseil d'administration, c'est un honneur de contribuer activement à la sécurité en milieu de travail et au système d'indemnisation de l'Île-du-Prince-Édouard. Le principal objectif de la CAT est de prévenir les accidents du travail et d'aider les travailleurs blessés à retourner au travail. En 2015, nous avons concentré nos efforts sur la gouvernance, l'engagement et l'excellence du service. Nous avons terminé la dernière année du cycle de planification stratégique et entamé la planification de notre plan triennal.

Gouvernance

Le rôle du conseil de gouvernance est de mener la mise en œuvre des politiques organisationnelles afin d'assurer qu'elles ont un impact positif sur les programmes et les services offerts par la CAT. En 2015, la CAT s'est surtout penchée sur

notable policy changes were the development of the Safety Association Funding policy and amendments to the Estimating Earning Capacity policy. The Estimating Earnings Capacity policy was reviewed and modified to ensure that it reflects the unique employment options that are prominent in our province, such as seasonal work. The new Safety Association Funding policy sets out the terms and conditions related to safety associations, including the application and approval process, monitoring, evaluation, and reporting requirements. Going forward, we will also examine our funding policy to ensure that it reflects a fair, responsive and affordable system.

In June 2015 the heads of workers compensation boards across the country gathered in Prince Edward Island for the inaugural Governance Summit. The event, organized by the Association of Workers Compensation Boards of Canada (AWCBC), was a great opportunity for us to meet with our counterparts to share best practices and discuss emerging trends and ways to further support employers and workers across the country through strategic governance. It was a great learning experience and we were honoured to host our counterparts.

Engagement

In 2014 the WCB was given the mandate to reach out to the farming community to discuss the possibility of mandatory coverage for the farming industry under the *Workers Compensation Act*. Throughout 2015 we met with several key stakeholders within the farming industry. The consultations were engaging, proactive and positive. As a panel, we had the opportunity to meet and help to build bridges with our farming community. We were able to put to rest some concerns and misconceptions regarding the Workers Compensation Board. My hope is that we can continue to build a lasting partnership with the farming community as we work collaboratively moving into the future. The information gathered from these consultations was compiled into a report and delivered to Government.

Service Excellence

In 2015 the Board continued our journey toward service excellence and professional development. Over the course of the past two years, we have continued to include education sessions as a regular item on our Board agendas. Our commitment to professional development is part of our over all commitment to service excellence and informed governance.

les modifications à apporter aux politiques qui favorisent la collaboration. Elle s'est aussi assuré que les politiques tiennent compte d'un environnement de travail conçu pour l'Île-du-Prince-Édouard. Deux changements importants ont été apportés : l'élaboration d'une politique de financement des associations de sécurité et les modifications à la politique sur l'estimation de la capacité de gain. Cette dernière a été révisée et modifiée pour tenir compte des options d'emploi uniques qui prédominent dans la province, par exemple le travail saisonnier. La nouvelle politique de financement des associations de sécurité établit les modalités applicables à une association de sécurité, notamment le processus de demande et d'approbation, la surveillance, l'évaluation et la présentation de rapports. Comme prochaine étape, nous examinerons notre politique de financement pour qu'elle reflète un système juste, attentif et abordable.

En juin 2015, les chefs des commissions des accidents du travail au Canada se sont réunis à l'Île-du-Prince-Édouard à l'occasion du premier Sommet sur la gouvernance. Organisé par l'Association des commissions des accidents du travail du Canada, le sommet était une excellente occasion de rencontrer nos homologues afin d'échanger des pratiques exemplaires et de discuter des nouvelles tendances et méthodes pour mieux appuyer les employeurs et les travailleurs au pays par la gouvernance stratégique. Cette expérience a été incroyable sur le plan de l'apprentissage et c'est avec plaisir que nous avons accueilli nos homologues.

Engagement

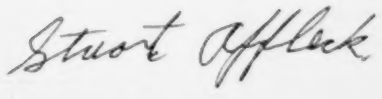
En 2014, la CAT a reçu le mandat d'intervenir auprès du milieu agricole pour discuter de la possibilité d'établir une couverture obligatoire pour l'industrie agricole en vertu de la *Workers Compensation Act* (loi sur les accidents du travail). En 2015, nous avons rencontré plusieurs intervenants clés de l'industrie. Les participants à ces consultations ont démontré de l'intérêt et celles-ci ont été proactives et positives. Le groupe de discussion nous a permis de rencontrer les membres du milieu agricole et d'établir des relations avec eux. Cette initiative nous a également permis de répondre à certaines préoccupations et de corriger des idées fausses relatives à la CAT. J'espère que nous pourrons continuer de bâtir un partenariat solide avec le milieu agricole grâce à la collaboration. L'information recueillie par l'entremise de ces consultations a été compilée sous forme de rapport et transmise au gouvernement.

In an effort to ensure we are up to date with the current activities at the WCB, we receive regular updates. These updates may be delivered to us through presentations by staff regarding operational changes or through direct updates from the directors of each of the operational divisions. We continue to be in regular contact with our counterparts in other jurisdictions to ensure we have the appropriate information and data to make informed decisions. Our Board members are also privy to education sessions, both national and regional which are provided by external specialists. These sessions help us to become more familiar with the emerging trends in compensation and workplace safety.

Our stakeholder satisfaction surveys of the last couple of years shows the Board that WCB is heading in the right direction. The Injured Workers Survey delivered in 2014 showed record high levels of satisfaction, as did the Employers Survey delivered in 2015. The Board recognizes that increases in these results are a direct result of our employees and their efforts.

There are still challenges ahead for us. The WCB is a safety and compensation system that evolves over time and as a board we must trust and support our employees through those changes. As well, we must continue to protect the information entrusted to us by our stakeholders.

I would like to thank my wonderful colleagues on the Board who have done an exemplary job, especially my predecessor Nancy Guptill who served as a long-time chair for the Workers Compensation Board. For the past eight years I have served as a board member and I was honoured to work alongside Ms. Guptill, and our other long-standing board members. This allowed us to build trust in each other and in the organization. We have been privileged to work with such a dedicated chief executive officer and top-notch staff team of whom we are tremendously proud. Most importantly, I wish to thank our stakeholders, who hold the WCB to the highest standards. You motivate us to continue striving toward excellence.



Stuart Affleck
Workers Compensation Board Chair

Excellence du service

En 2015, le conseil d'administration a poursuivi ses efforts visant l'excellence du service et le perfectionnement professionnel. Au cours des deux dernières années, nous avons continué d'inscrire les ateliers de formation comme un point permanent aux ordres du jour de nos réunions. L'intérêt que nous portons au perfectionnement professionnel s'inscrit dans notre engagement général envers l'excellence du service et la gouvernance éclairée.

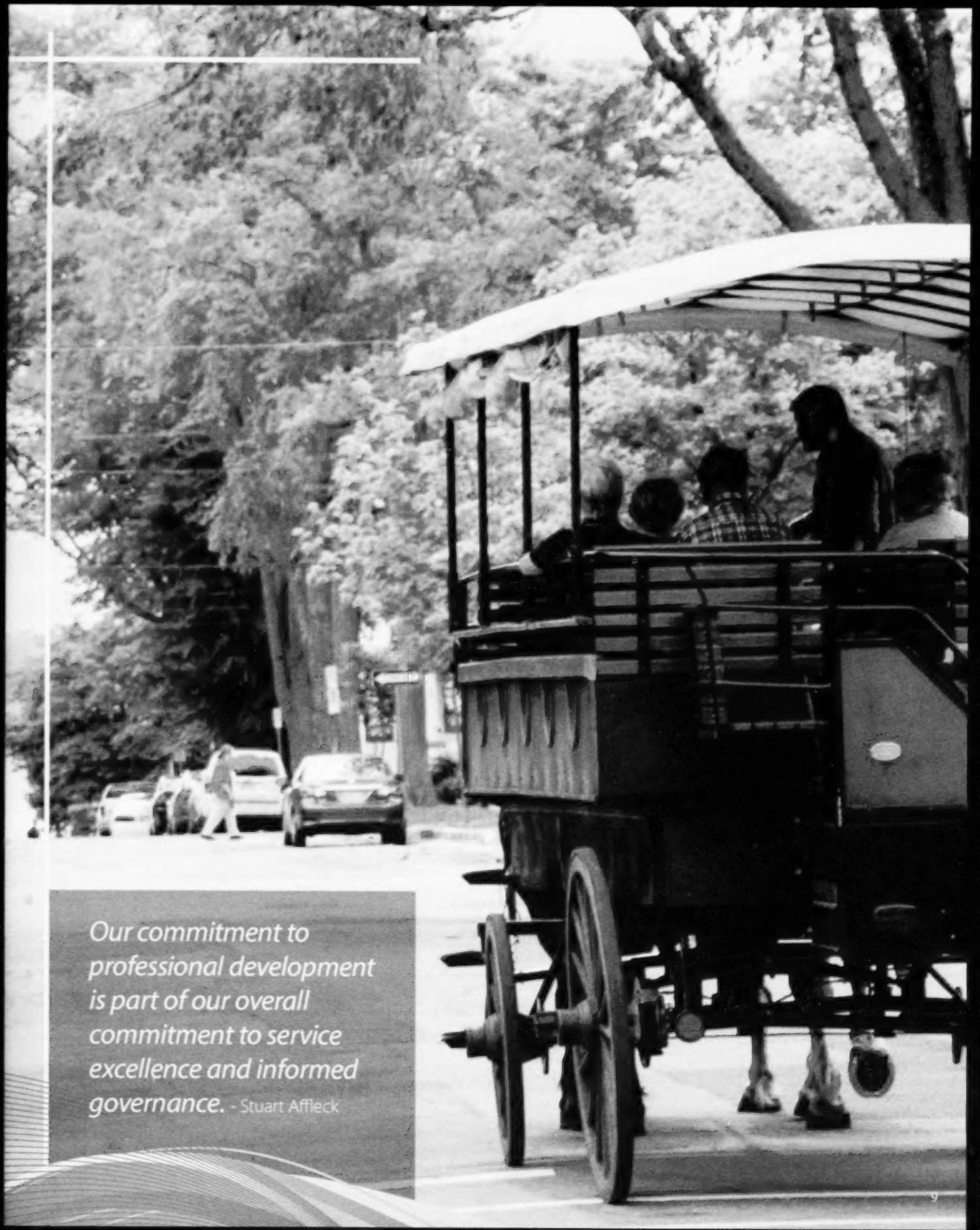
Nous tenons à être au courant des activités de la CAT, et nous demandons donc des mises à jour régulières. Ces mises à jour nous sont entre autres fournies sous forme de présentations du personnel au sujet des changements opérationnels ou directement par les directeurs des divisions de la CAT. Nous maintenons aussi nos relations avec nos homologues dans les autres provinces et territoires afin de nous assurer que nous détenons l'information nécessaire pour prendre des décisions éclairées. De plus, les membres de notre conseil ont accès à des séances de formation, à l'échelle nationale et régionale, fournies par des spécialistes externes. Ces séances nous aident à mieux connaître les tendances émergentes en matière d'indemnisation et de sécurité au travail.

Les sondages sur la satisfaction de nos clients au cours des dernières années nous ont montré que la CAT est sur la bonne voie. Le sondage mené auprès des victimes d'accidents du travail en 2014 et celui mené auprès des employeurs en 2015 ont révélé des taux de satisfaction sans pareil. Le conseil voit cette amélioration des résultats comme un effet direct des efforts des employés de la CAT.

Soulignons qu'il reste tout de même des défis à relever. La CAT est un système d'indemnisation et de sécurité qui évolue sans cesse, et en tant que conseil, nous devons faire confiance à ses employés et les appuyer dans cette évolution. Nous devons aussi continuer de veiller à ce que les renseignements que nous transmettent nos clients soient protégés.

Je tiens à remercier les autres membres remarquables du conseil qui font un travail exemplaire, et plus particulièrement ma prédécesseure, Nancy Guptill, présidente de longue date de la CAT, le siège au conseil depuis huit ans. C'était un honneur de travailler avec Mme Guptill et mes autres collègues membres du conseil depuis longtemps. Nous avons pu établir une confiance mutuelle et une confiance envers l'organisme. Nous avons eu le privilège de travailler avec une directrice générale dévouée et un personnel exemplaire dont nous sommes très fiers. Je désire remercier tout particulièrement nos clients qui s'attendent à ce que la CAT respecte les normes les plus rigoureuses. Ils nous motivent à toujours viser l'excellence.

Stuart Affleck
Président de la Commission des accidents du travail



Our commitment to professional development is part of our overall commitment to service excellence and informed governance. - Stuart Affleck

Front row from left: Mike Annear, Chair Stuart Affleck, and Harvey Larkin. Back row from left: Angus Houston, Charlene McInnis, Margaret Stewart, Dianne Collins, and Alexander (Sandy) MacKay.

WCB Board of Directors

Stuart Affleck has been Chair of the Board of Directors since September 2015. He was a farm owner and operator for thirty-eight years and has held many positions through organizations such as the PEI Potato Board, East Prince Regional Health Board and PEI Unit 2 Regional School Board. Mr. Affleck has also served on the National Farm Products Council.

Mike Annear has been an Employer Representative and Vice-Chair of the Board of Directors since 2008. Prior to joining the Board, Mr. Annear was a member of the 2007 Workers Compensation Legislative Review Advisory Committee and, as a WCB Board member, he served as employer representative on the 2012 Workers Compensation Legislative Review Advisory Committee. He has served on the Board of Directors for the PEI Road Builders and Heavy Construction Association and for over twenty years, Mr. Annear has coordinated safety training and programming for Kings County Construction Ltd.

Dianne Collins has been a Worker Representative on the Board of Directors since 2011. She is a graduate of the Charlottetown Hospital School of Nursing and worked for over 30 years at Kings County Memorial Hospital (KCMH). Throughout her career, Ms. Collins has been dedicated to improving health and safety for Islanders, serving on the KCMH Occupational Health and Safety Committee and the PEI Health Governance Advisory Council.

Angus Houston has been an Employer Representative on the Board of Directors since 2008. He has over thirty years of experience as an employer in PEI working in a number of capacities in the health, marine and hospitality industries. Mr. Houston has also owned and co-owned restaurants in New Brunswick, Nova Scotia and PEI, and currently represents PEI on the Dean's Advisory Committee to the Chair in Occupational Medicine with Dalhousie Medical School.

Harvey Larkin has been an Employer Representative on the Board of Directors since 2006. He was involved in the hospitality industry for several years and is a farm co-owner and operator in the turkey growing business. Mr. Larkin has also served as a board member on various community organizations.

Alexander (Sandy) MacKay has been a Worker Representative on the Board of Directors since 2004. He is a past president of both the PEI Union of Public Sector Employees and the Federation of Labour. Mr. MacKay was a member of the task force that developed the first Occupational Health and Safety Act for PEI and has served on two Ministerial advisory committees that recommended changes to the Workers Compensation Act.

Charlene McInnis has been a Worker Representative on the Board of Directors since 2004. Injured on the job in 1999, she started working with injured worker groups and became the Injured Workers Organizational Committee Spokesperson in 2002. She currently works with the military community of PEI in partnership with advocacy groups for Canadian Forces members injured in the line of duty.

Margaret Stewart has been a Worker Representative on the Board of Directors since 2005. As a high school English teacher, then teacher-librarian, she was extensively involved in extra-curricular activities at the school, district and provincial levels. After serving on the Board of Governors and then the Executive of the PEI Teachers' Federation for ten years, from 2001-2003 she spoke for teachers provincially and nationally as president of the PEITF and as a Canadian Teachers' Federation director. Most recently she served as worker representative on the 2012 Workers Compensation Legislative Review Advisory Committee.

Governance

Role of the WCB Board of Directors

The role of the Board of Directors is to provide governance and oversight for the Workers Compensation Board of Prince Edward Island. The Board's responsibilities are set out in the *Workers Compensation Act* and include the following:

- Establishing policies and programs related to compensation and rehabilitation of injured workers, employer assessments, investments and the administration of the *Act*
- Approving the annual administrative and operating budgets, as well as appointing auditors to examine WCB's finances
- Enacting bylaws, policies and practices for the good conduct of the business and affairs of the Board
- Periodically reviewing the *Workers Compensation Act* and its regulations and recommending amendments to ensure the legislation remains relevant and responsive to Island workplaces

Committees

In 2015 the Board of Directors met thirteen times. The Board's Audit and Finance Committee met four times throughout the year.

Achievements in 2015

In 2015, the Board of Directors marked a number of significant achievements, including the following:

- **Amendments to the *Workers Compensation Act*.** In September 2015 the WCB recommended to Government an amendment to the *Workers Compensation Act* which would remove the two day wait period and provide wage loss benefits to workers from the day following an accident. This amendment was passed in the fall 2015 Legislative Session and was implemented on January 1, 2016.
- **Employer Survey.** The 2015 Employer Survey was conducted in October by Corporate Research Associates and saw the WCB achieve all time high results in several key categories. The WCB service satisfaction index rose to 80.9% while WCB also achieved all time highs in the areas of fair treatment of employers (86%), effectiveness (83%), and overall satisfaction with the WCB experience (75%).
- **AWCBC Governance Summit.** The Board hosted the inaugural AWCBC Governance Summit in Charlottetown in June 2015. Delegates from across the country engaged in passionate discussion on topics such as mental health, recognition and reporting of occupational disease, predictive analysis, and board risk oversight.
- **Investment Education.** In September 2015 the Board participated in an investment session with the WorkSafe NB Board of Directors facilitated by Morneau Shepell. Board members engaged in a comprehensive review of all elements relevant to the investment management process and factors influencing key decisions. This included the nature of business and obligations, the Accident Fund, a review of asset classes and the building of sound investment policy.
- **Atlantic Heads of Delegations Meeting.** In November 2015 the WCB participated in a meeting of the chairs and chief executive officers of the Atlantic workers compensation boards to discuss topics such as financial management, injury prevention, policy and legislation, risk management, emerging issues and opportunities for collaboration amongst the Atlantic WCBs.
- **CNIB Eye Safety Tour.** The WCB continued its partnership with the CNIB to promote eye safety in the workplace. The tour was held the week of September 14-18, 2015, at Holland College campuses across the province. An average of 50 students and staff attended each of the ten sessions.
- **Threads of Life.** The WCB continued its support of Threads of Life, a national community organization that helps families who suffer a workplace tragedy with their journey of healing. WCB staff members assisted in the planning of Steps for Life, the organization's main fundraising activity. Over 50 WCB staff and family members participated in the May 2015 event, taking home the award for the highest corporate participation by a PEI company.

The Board is committed to remaining open and accountable to the public and our stakeholders. Summaries of the monthly Board of Directors meetings, including its decisions, are posted on the WCB website at ***www.wcb.pe.ca/Information/BoardMinutes***

2015 WCB Governance Summit

OHS Advisory Council

Members of the Occupational Health and Safety (OHS) Advisory Council are appointed by the Minister and reflect a breadth of knowledge and experience relating to the principles and promotion of occupational health and safety. The Council consists of the WCB Chair, the WCB Director of OHS, three members representing workers, three members representing employers and one person representing the general public.

Membership

Scott Ryan, Council Chair and Employer Representative
Stewart Affleck, WCB Chair
Danny Miller, WCB Director of Occupational Health and Safety
Melinda Mulligan, Worker Representative
J. Fred Quinn, Worker Representative
James Steele, Worker Representative
Faye MacWilliams, Employer Representative
Alan McCormick, Employer Representative
Janet Harper, Public Representative

Role

The OHS Advisory Council advises the WCB Board of Directors on the following:

- The administration of the *OHS Act* and regulations
- Monitoring and reporting on OHS throughout the province
- Exclusions from all or part of the application of the *OHS Act* or regulations
- Any other matter relating to OHS, including amendments to the *OHS Act* and regulations

Accomplishments in 2015

- Provided feedback with respect to the additional educational requirements that will be needed upon completion of the revised Workplace Hazardous Material Information System (WHMIS) regulations
- Provided input on the needs of employers and workers during the review of the asbestos regulations
- Provided direction on changes to procedures outlined in the *OHS Act* in regard to appointments

Our History

The Workers Compensation Board has been providing coverage for injured workers and protection for Island employers for over 66 years.

The system is based on the Meredith Principles:

- *No-fault compensation*, by which workplace injuries are compensated regardless of fault, and the worker and employer waive the right to sue
- *Collective liability*, with the total cost of the compensation system shared by all employers
- *Security of payment*, with a fund established to guarantee that compensation will be available for injured workers when they need it
- *Exclusive jurisdiction*, with all compensation claims directed solely to the compensation board
- *Independent board*, autonomous and financially independent of government or any special interest group

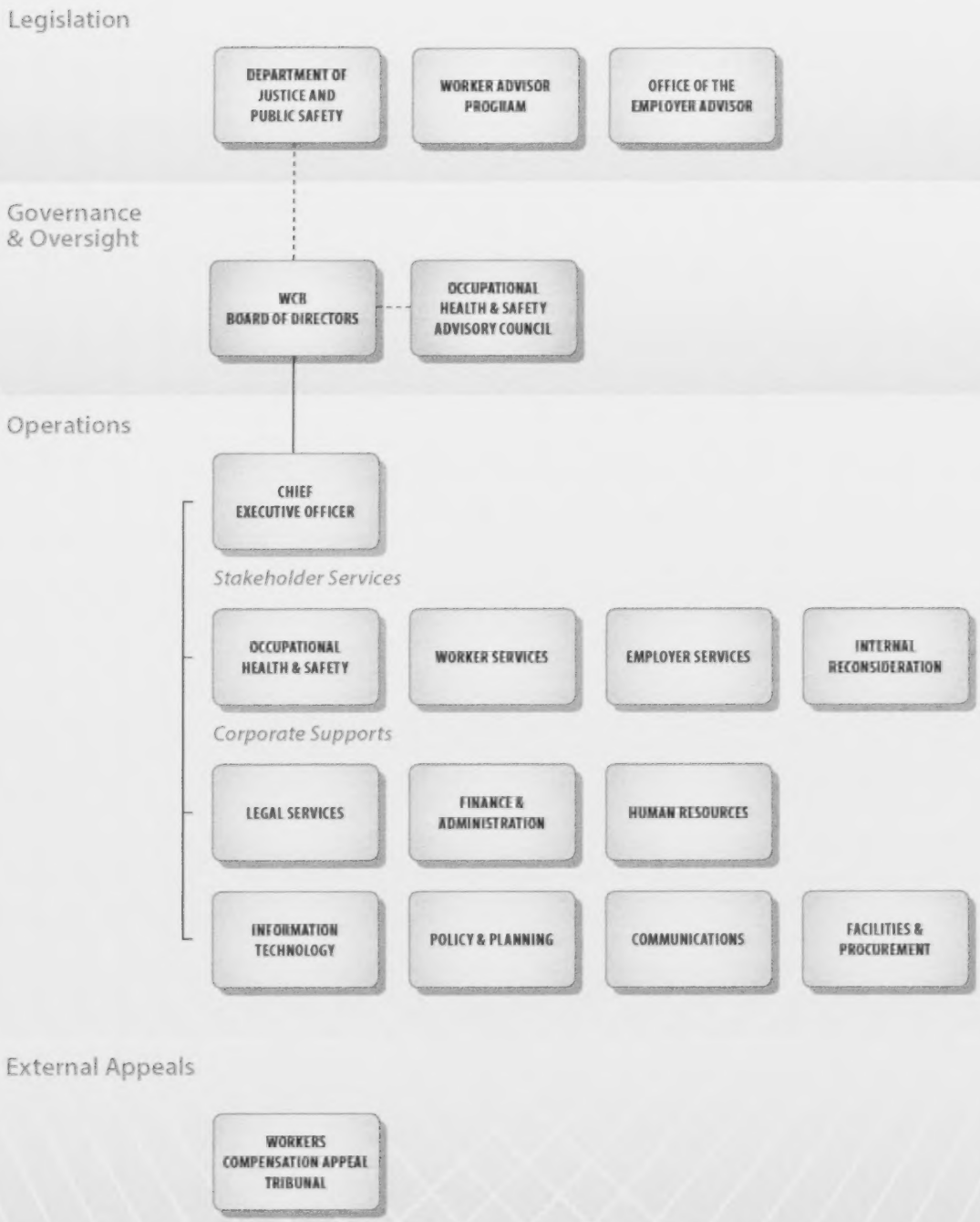
The Meredith Principles have stood the test of time and remain the foundation of all Canadian workers compensation systems today. Today's workers compensation system has evolved to include a focus on workplace safety in an effort to further protect workers and employers.

The Ontario *Workmen's Compensation Act* of 1914 was the first Canadian statute to accept the Meredith Principles. It served as a model for provincial legislation in Nova Scotia (1915), British Columbia (1916), Alberta (1918) and New Brunswick (1918). Workers compensation in Prince Edward Island was established in 1949.

A workers compensation act now exists in all Canadian jurisdictions.

14 Weymouth Street (circa 1960), future home of the Workers Compensation Board

Functional Structure



Safety isn't expensive;
it is priceless. – *Unknown*

Operational Overview

Luanne Gallant
Acting Chief Executive Officer of the Workers Compensation Board
Directrice générale de la CAT

In conversation

With the Chief Executive Officer

Une conversation avec la directrice générale

We recognize and thank Sharon Cameron, outgoing chief executive officer for the Workers Compensation Board, for her contributions in 2015.

What did the WCB achieve in 2015?

It was another successful year in 2015 with many important announcements and milestones for employers and workers.

One of our greatest indicators continues to be the results of the Employer Survey, which reached an all-time high in 2015. This is also on the heels of the Injured Worker Survey in 2014, which also scored the highest levels of satisfaction.

At the Workers Compensation Board, we take a balanced approach to the interests of workers and employers to ensure funds are available to meet the needs of injured workers at a cost that is fair and reasonable to employers. For the sixth consecutive year, employers saw a reduction in the average assessment rate, a continuation of a decade-long downward trend.

As an independent organization, the Workers Compensation Board is funded solely through premiums charged to Island employers and investment earnings. Due to positive investment performance over the past number of years, the funded position continued to grow. While assessment rates have been reduced to respond to the surplus, the investment portfolio continued to perform well. As a result of the investment portfolio's performance, employers received a one-time $13.2 million surplus distribution in November. We will continue to monitor the funded position and will embark on a funding policy review in 2016 to ensure our Board's financial position is secure into the future. The Workers Compensation Board has also taken many steps to

Nous remercions Sharon Cameron, directrice générale sortante de la Commission des accidents du travail (CAT), de sa contribution en 2015. Nous lui en sommes reconnaissants.

Les réalisations de la CAT en 2015

La CAT a connu une autre excellente année en 2015. Un grand nombre d'annonces importantes ont été faites et plusieurs étapes importantes ont été franchies pour les employeurs et les travailleurs.

Les résultats du sondage auprès des employeurs, qui ont révélé un degré de satisfaction sans précédent en 2015, continuent d'être un de nos principaux indicateurs. Le sondage faisait suite à celui mené en 2014 auprès des victimes d'accidents du travail qui a aussi révélé les taux de satisfaction les plus élevés.

À la Commission des accidents du travail, nous adoptons une démarche équilibrée envers les intérêts des travailleurs et des employeurs afin que les fonds soient disponibles pour répondre aux besoins des travailleurs blessés et que le coût soit juste et raisonnable pour les employeurs.

Pour une sixième année consécutive, le taux d'évaluation moyen pour les employeurs a diminué, une tendance à la baisse amorcée il y a dix ans.

Comme organisme indépendant, la CAT est financée entièrement par les primes versées par les employeurs de l'Île et les revenus de placement. En raison du bon rendement des placements depuis quelques années, le niveau de capitalisation a continué de croître. Bien que les taux d'évaluation ont été réduits afin de tenir compte du surplus, le portefeuille de titres a continué d'afficher de bons résultats. À la suite d'un tel rendement, les employeurs ont bénéficié, en novembre,

provide more support to injured workers this year. In November, WCB announced that we would be eliminating a two-day waiting period before wage loss benefits would begin for workers, effective January 1, 2016. This measure will have a direct impact on our most vulnerable injured workers who might not have access to sick leave benefits during this timeframe.

In 2015 the WCB made a conscious effort to enhance awareness and practice around collaboration within the organization. By enhancing our internal business processes and encouraging staff to use a collaborative approach in their work, we are now able to act in a more comprehensive and strategic way with our external stakeholders and clients.

We understand the importance of working collaboratively with our partners to provide safe work environments. Another important legislative change that was made in 2015 was to allow for the establishment and funding of safety associations in Prince Edward Island. Safety associations support employers and workers and help to promote workplace safety through education and other initiatives. Safety associations are funded by employers in the industry represented by the association. With the change to the *Workers Compensation Act*, the WCB will be able to facilitate the collection of the funds through an additional levy on employers. The decision to make changes to the *Workers Compensation Act* was based on recommendations from the 2012 Legislative Review Advisory Committee.

What challenges does the WCB face going forward?

In order to provide the best services to injured workers and employers, we must continue to monitor emerging trends and challenges related to the clients we serve. As we identify the challenges ahead, we are more informed to set our priorities.

Workplaces are changing and we need to adapt to meet evolving needs of the workforce as it grows older and continues to work longer. An aging workforce combined with a seasonal economy and a high unemployment rate can have an impact on injured workers return to work efforts. We continue to monitor and learn from our data to enhance prevention and intervention efforts. We have also designated more resources to educate employers and workers about the many benefits of returning to work after a workplace injury.

As the awareness and education around psychological health and safety in the workplace continue to grow, there is a shift in the actions that organizations are taking to learn more about the resources and supports used to promote workplace wellness and psychological health and safety. Employers are realizing that keeping the workforce psychologically healthy and productive is smart business.

We continue to monitor the impact of legislative and policy changes related to psychological health and wellness in other jurisdictions, and continue to review our own policies to ensure workers are provided benefits and services as required and employers are protected from liability.

The WCB is committed to the protection of privacy, and while the recording of privacy breaches is not currently a mandatory requirement, the WCB has taken a proactive approach in maintaining a database, thoroughly investigating each complaint, and establishing a procedure for managing privacy breaches.

In November 2015, the WCB received a report from the privacy commissioner related to past privacy breaches. We will use the commissioner's recommendations and an internal committee to further enhance our protection of privacy practices.

de la distribution d'un excédent unique de 13,2 millions de dollars. Nous continuerons de suivre le niveau de capitalisation et nous entreprendrons une révision de la politique de financement en 2016 pour que la situation financière de la CAT soit assurée pour l'avenir.

Cette année, la Commission des accidents du travail a aussi pris de nombreuses mesures pour appuyer davantage les travailleurs blessés. Elle a notamment annoncé, en novembre, que la période d'attente de deux jours avant que les travailleurs puissent recevoir des indemnités pour perte de salaire serait supprimée à compter du 1er janvier 2016. Cette mesure aura des conséquences directes sur les travailleurs blessés les plus vulnérables qui n'ont peut-être pas accès à des prestations de congé de maladie durant cette période.

En 2015, la CAT a fait des efforts pour promouvoir et améliorer la collaboration au sein de l'organisme. En améliorant les processus internes et en encourageant le personnel à utiliser la collaboration dans son travail, nous pouvons avoir recours à une approche plus globale et stratégique dans notre travail auprès de nos intervenants externes et de nos clients.

Nous reconnaissons l'importance de collaborer avec nos partenaires pour que nos milieux de travail soient sécuritaires. Une importante modification législative adoptée en 2015 visait à autoriser la création et le financement d'associations de sécurité à l'Île du Prince Édouard. Ces associations appuient les employeurs et les travailleurs, et aident à promouvoir la sécurité au travail par le biais de l'éducation et d'autres initiatives. Elles sont financées par les employeurs de l'industrie qu'elles représentent. À la suite de la modification à la *Workers Compensation Act* (loi sur les accidents du travail), la Commission des accidents du travail pourra faciliter la collecte de fonds au moyen d'une autre redevance perçue des employeurs. La décision d'apporter des modifications à la *Workers Compensation Act* (loi sur les accidents du travail) était fondée sur les recommandations du comité consultatif chargé de faire l'examen des dispositions législatives en 2012.

Les défis à l'horizon

Pour offrir les meilleurs services aux travailleurs blessés et aux employeurs, nous devons continuer de suivre les nouvelles tendances qui se dessinent et les nouveaux défis qui se posent pour nos clients. À mesure que nous discernons les défis à relever, nous sommes mieux renseignés pour établir nos priorités.

Les milieux de travail évoluent et nous devons nous adapter afin de répondre aux besoins de la main-d'oeuvre alors qu'elle vieillit et continue de travailler plus longtemps. Une main-d'oeuvre vieillissante, combinée à une économie saisonnière et à un taux élevé de chômage, peut avoir un impact sur les efforts de retour au travail des travailleurs blessés. Nous continuons d'examiner les données qui nous permettent d'apprendre davantage afin d'accroître nos efforts de prévention et d'intervention. Nous avons aussi désigné plus de ressources pour sensibiliser les employeurs et les travailleurs aux nombreux avantages que comporte un retour au travail après un accident du travail.

En raison d'une plus grande sensibilisation et éducation concernant la santé psychologique et la sécurité au travail, les mesures prises par les organisations pour se renseigner davantage sur les ressources et les formes de soutien visant à promouvoir le mieux-être en milieu de travail, et la santé psychologique et la sécurité changent. Les employeurs se rendent compte que le maintien d'une main-d'oeuvre productive et psychologiquement en santé est une approche judicieuse.

Nous continuons de surveiller les incidences des modifications législatives et des stratégiques sur la santé psychologique et le mieux-être dans d'autres provinces, et de revoir nos propres politiques afin d'offrir

How will the WCB meet the challenges ahead?

As with any organization, the services we provide are limited to the technology we own. Our current Information Technology (IT) systems utilize old technology and have limited technical support capability. In order to better serve our clients, we embarked on a comprehensive review of our existing IT system and capabilities and examined our business and technological requirements.

In May, the Board of Directors approved a recommendation to move forward with an IT Modernization Initiative. The initiative started in August 2015 and will continue over a three-year period, positively impacting all areas of our organization. It will enhance and streamline our business processes and better integrate technology to help us achieve our strategic goals. Staff input and involvement has been and will continue to be a critical component throughout the development and implementation of the initiative.

As we finish our final year of the current strategic planning cycle, and introduce our next strategic plan, we reflect on our accomplishments and look forward to the exciting initiatives ahead.

The WCB is in a stable financial position, we have built a solid foundation of service satisfaction, and the frequency of workplace injuries has shown a modest downward trend over the past ten years. We continue to work collaboratively with our stakeholders and we have established a balanced approach in meeting the needs of Islanders.

In our 2016 – 2018 Strategic Plan we strengthen our commitment to promoting a culture of safety in the workplace, improving return to work outcomes for both workers and employers, as well as continuously striving for service excellence. We are committed to improving the ways in which we consult, collaborate and strengthen our relationships with our partners. As we move forward we will continue to find ways to meet the ever changing needs of our stakeholders while building confidence in the workers compensation system.

Luanne Gallant

Luanne Gallant
Acting Chief Executive Officer of the Workers Compensation Board

Luanne Gallant, Acting CEO, addressing staff

aux travailleurs les avantages et les services dont ils ont besoin et de voir à ce que les employeurs soient protégés en matière de responsabilité.

La Commission des accidents du travail est résolue à protéger la vie privée. Même s'il n'est pas obligatoire actuellement de consigner les atteintes à la vie privée, la CAT a entamé une démarche proactive en tenant à jour une base de données, en procédant à une enquête approfondie de chaque plainte et en établissant une procédure de gestion des atteintes à la vie privée.

En novembre 2015, la CAT a reçu du commissaire à la protection de la vie privée un rapport sur les atteintes à la vie privée. Nous donnerons suite aux recommandations du commissaire à la protection de la vie privée et nous aurons recours à un comité de travail collaboratif pour protéger davantage les pratiques relatives à la protection de la vie privée.

Relever les défis qui s'annoncent

Comme dans toute organisation, la technologie dont on dispose limite les services que l'on offre. La capacité de soutien technique de nos systèmes actuels de TI qui utilisent une technologie désuète est limitée. Pour mieux servir nos clients, nous avons entrepris une révision générale de nos systèmes de TI et de leurs capacités, et nous avons examiné nos besoins technologiques et opérationnels.

En mai, le conseil d'administration a approuvé la recommandation de mettre en œuvre un projet de modernisation des TI. Le projet entrepris en août 2015 est échelonné sur une période de trois ans, et il aura un effet positif sur tous les secteurs de notre organisme. Il permettra d'améliorer et de simplifier nos processus administratifs, et de mieux intégrer la technologie afin d'atteindre nos objectifs stratégiques. Les commentaires et la participation du personnel ont été un élément essentiel tout au long de l'élaboration et de la mise en œuvre du projet, et ils continueront de l'être.

Alors que nous achevons la dernière année de notre cycle actuel de planification stratégique et que nous présentons notre prochain plan stratégique, nous réfléchissons à nos réalisations et nous sommes prêts à entamer les projets intéressants à venir.

La situation financière de la CAT est stable. Nous avons établi une base solide de satisfaction en matière de services, et la fréquence des blessures au travail suit une faible tendance à la baisse depuis les dix dernières années. Nous continuons de collaborer avec nos clients et nous avons créé une démarche équilibrée pour répondre aux besoins des Insulaires.

Dans notre Plan stratégique 2016 – 2018, nous nous engageons à travailler davantage à promouvoir une culture de sécurité dans le milieu de travail, à améliorer les résultats en matière de retour au travail pour les travailleurs et les employeurs ainsi qu'à viser l'excellence du service. Nous tenons à améliorer les façons dont nous collaborons avec nos partenaires, les consultons et bâtissons nos relations avec eux. Nous continuerons à trouver des moyens de répondre aux besoins changeants de nos intervenants tout en inspirant confiance dans le système d'indemnisation des accidents du travail.

Luanne Gallant

Luanne Gallant
Directrice générale de la CAT

Executive Team

WCB Executive Team 2015

The Workers Compensation Board is accountable to its stakeholders. It is committed to evidence-based decision making, effective policy research and development, meaningful stakeholder engagement, and integrity in all aspects of WCB business.

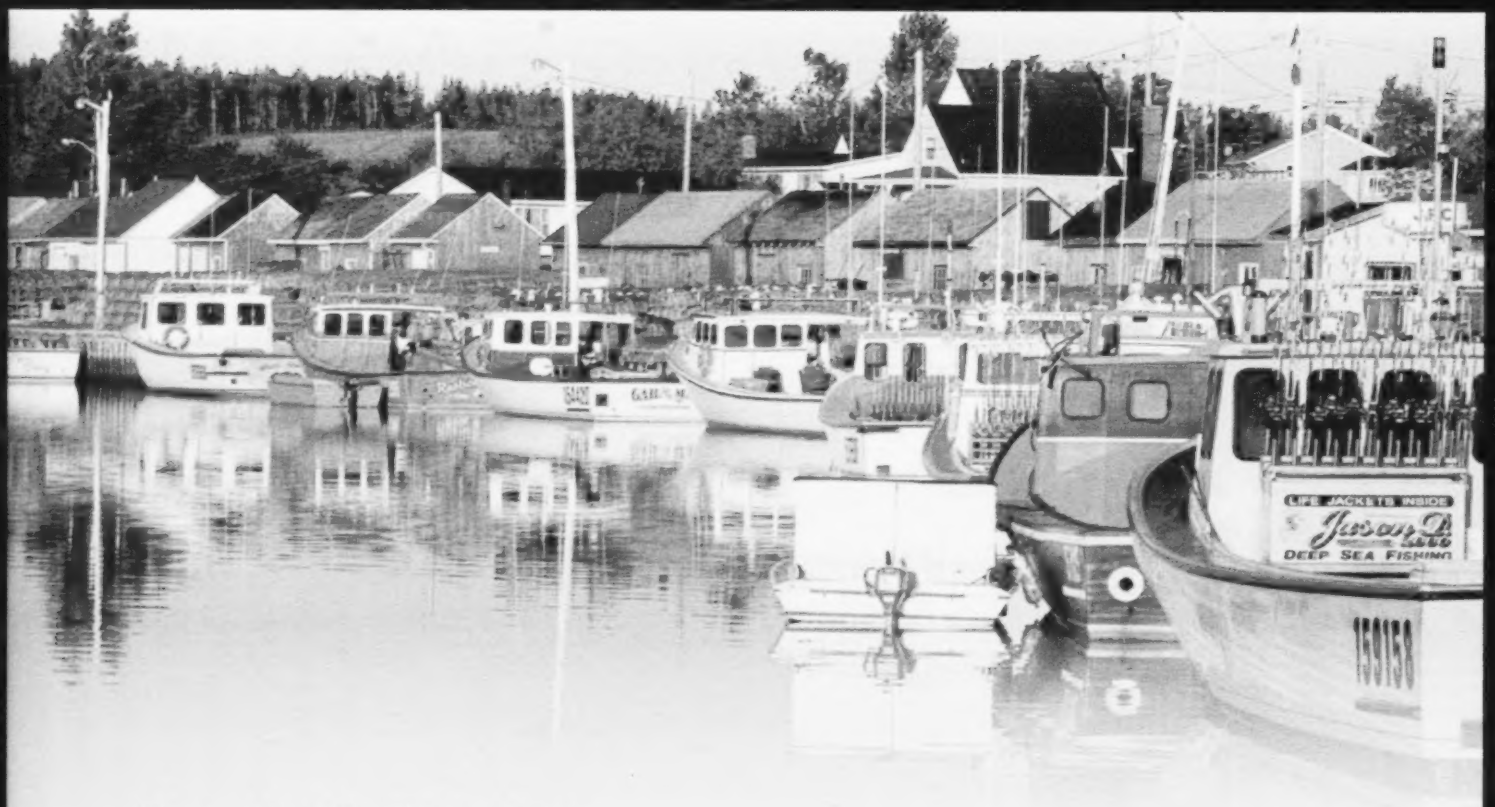
Core Business Overview

The Workers Compensation Board (WCB) serves the Island community through fair and effective administration of the provincial workers compensation and workplace safety legislation. The WCB is a not for profit, no fault insurance system, funded through employer assessments and governed by an independent Board of Directors representing the interests of workers and employers.

The Workers Compensation Board, through collaboration with workers, employers and all Islanders, strives to build safe workplaces by increasing awareness of safety at work and promoting a culture of workplace injury prevention.

If a workplace injury or illness occurs, the WCB provides benefits and services to injured workers to help reduce the financial, physical and emotional effects of the workplace injury, and to assist in the recovery process. The WCB works with injured workers, employers and health care providers to assist workers in remaining at work after an injury or returning to work in a safe and timely manner.

Our compensation and safety system is funded on the principle of collective liability. Employer assessments are based on industry risk and costs of workplace injury. The WCB manages the accident fund on behalf of Island employers to ensure the funds are available for workplace injuries that have already occurred or may occur in the future. To help reduce costs and protect workers, the WCB works with workplaces to develop effective injury prevention and return to work programs.



Operating Environment

The Workers Compensation Board operates in a complex environment in which a variety of factors can impact our outcomes and service delivery. We believe that the best way to safeguard Island workers and employers is to remain vigilant with our safety and prevention education and to have sound processes and monitoring systems in place.

The WCB is entrusted with our clients' personal information and we must ensure that we meet the increasing expectations for the protection of privacy as well as for access to appropriate information. We are mandated to administer the *Workers Compensation Act* and the *Occupational Health and Safety Act*, and committed to compliance with other legislation which intersects with our business, including the *Freedom of Information and Protection of Privacy Act*.

The public's expectations are changing, with an increased demand for the immediacy brought about by the technical advances of this generation. Online services and social media are becoming more common; the Workers Compensation Board has been adapting to our stakeholders' technological needs and will continue to do so as we move forward.

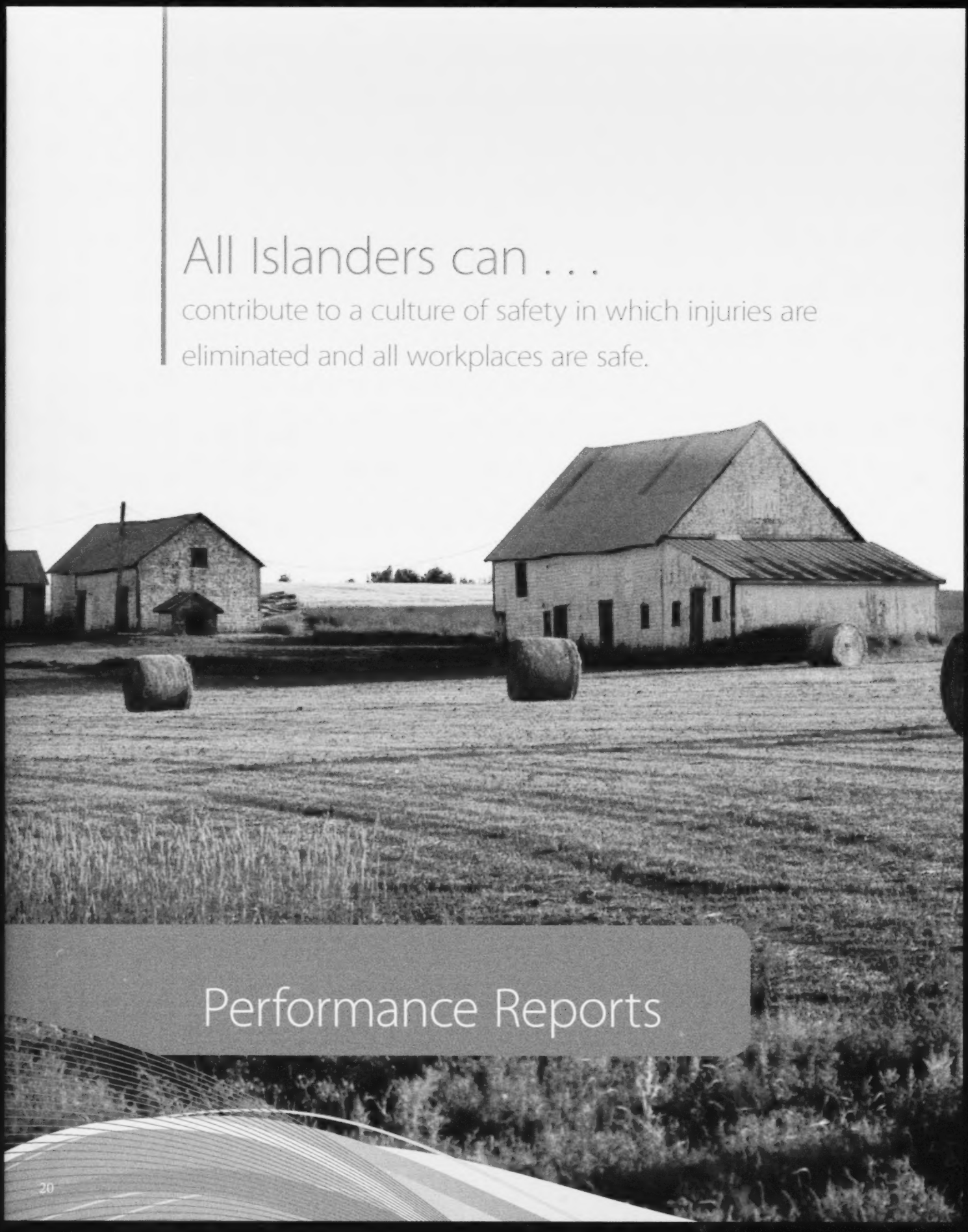
Prince Edward Island's economy has a significant number of seasonal industries. This reality can present challenges in developing return to work and stay at work programs for injured workers. Although PEI's unemployment rate is high, some industries on PEI have difficulty recruiting and retaining workers and are relying on temporary foreign workers to fill workforce gaps. The WCB must ensure that prevention and compensation measures are put in place to address the needs of an increasingly diverse and dynamic workforce.

Prince Edward Island's workforce is characterized by an aging demographic. Increasing rates of chronic health conditions, such as heart disease and diabetes, can contribute to longer healing times and more complex injuries. Other health-related issues that may present challenges to the balance between funding and compensation include rising health care costs and access to timely and appropriate health care services.

Volatility in the markets creates a challenge as it affects the investment returns of the pooled fund from which all WCB benefits and administration costs are drawn. It is crucial that the Workers Compensation Board continue to be financially responsible and remain in a fully funded financial position.

The Workers Compensation Board must constantly assess our environment to identify potential risk factors and to develop mitigating strategies. Our commitment to stakeholders is that we will be diligent and have appropriate checks and balances in place to anticipate and adapt. We will work together in proactive and responsive ways to build our collective understanding of how to best address our future challenges.

The WCB strives to increase awareness of safety at work by promoting a culture of workplace injury prevention.



All Islanders can . . .

contribute to a culture of safety in which injuries are eliminated and all workplaces are safe.

Performance Reports

Overview of 2013-2015
Strategic Plan

This past year marked the end of the 2013-2015 Strategic Plan and the development of the 2016-2018 Strategic Plan.

The WCB's 2013-2015 Strategic Plan was developed through consultation with stakeholders, Board members and staff. The plan guided the way the WCB allocated resources and positioned the organization to fulfill its mission. Some highlights identified in the plan included a focus on improving our investments in workplace safety as well as our commitment to collaboration and accountability.

The 2013-2015 Strategic Plan guided the WCB to a strongly funded financial position, a decrease in rates for employers and a decrease in claims for injured workers.

2013-2015 Strategic Themes

Safety Culture
Workplace safety is everyone's responsibility and all Islanders can contribute to a culture of safety in which injuries are eliminated and all workplaces are safe. The WCB will work to encourage principles and practices that instill workplace safety as an integral part of the Island way of life.

Return to Work Culture
Being active, productive and connected to the workplace can promote recovery and well-being for those who have been injured at work. The WCB will support and promote a culture in which the physical, emotional and social benefits of returning to work are understood and embraced.

Service Excellence
The WCB strives toward service excellence to meet and exceed the expectations of our clients and to enhance confidence in the system. We will focus our efforts on delivering a consistent and positive experience at every point of client interaction.

Collaboration
In order to realize the WCB Vision, we must foster a dedicated team working in collaboration toward shared goals. The WCB will work to develop and advance an environment that focuses on common purposes and joint decisions.

Engagement and Communication
Effective and meaningful stakeholder engagement is critical to the success of our provincial workplace safety and compensation system. The WCB is committed to improving the ways in which we consult, collaborate and strengthen relationships with our stakeholders.

The 2013-2015 Strategic Plan guided the WCB to a strongly funded financial position, a decrease in rates for employers and a decrease in claims for injured workers.

Safety Culture

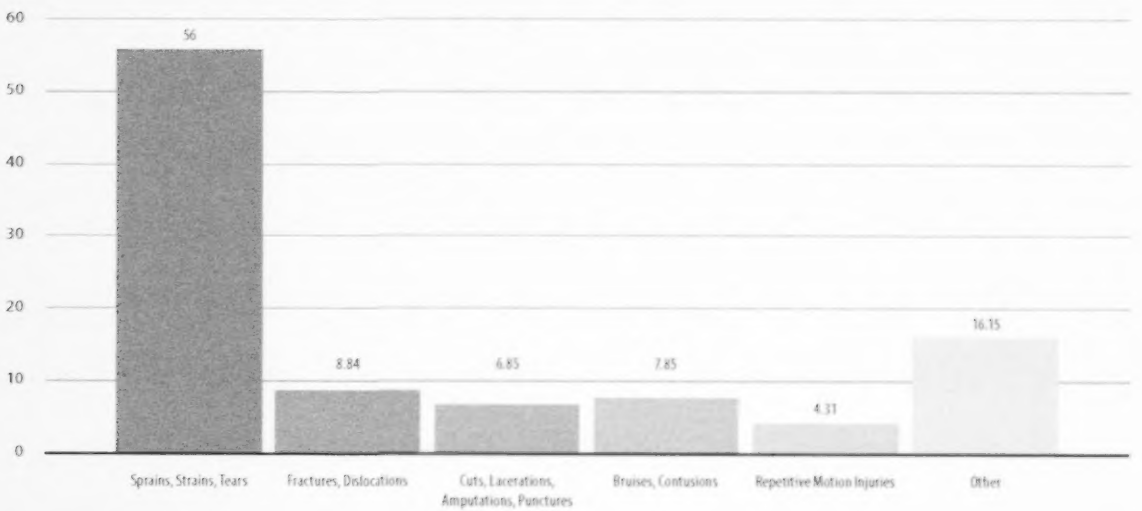
Strategic Theme

Safety culture in a workplace is defined by how safety issues are addressed by both employers and workers. This is reflected by the attitudes, values and beliefs of everyone within that workplace. The WCB strives to enhance the safety culture in all workplaces across PEI by promoting safety and compliance with legislation through education and enforcement. By focusing on safety culture, we can achieve our vision of eliminating injuries and ensuring that all workplaces are safe.

Current State

In an effort to monitor safety culture on PEI, we use statistics that represent the collective behavior of the workforce. The injury frequency rate is the number of time loss injuries per 100 workers over a period of one year. In 2014 a frequency rate of 1.39 represented a 14% increase over 2013. The statistic is based on workforce data, using the most current information available from the previous year. The WCB will continue to monitor this trend to help guide our prevention efforts and measure our safety culture.

Nature of Injury, 2015 *(Percent) (Graphic 2)*

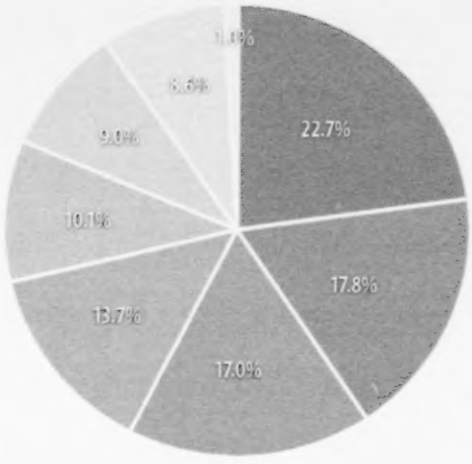


The most common type of injury at work in 2015 continued to be sprain/strain type injuries. These injuries account for 56% of all injuries reported to the Workers Compensation Board of PEI.

Jacques Demers, guest speaker at the 2015 Occupational Health and Safety Conference, with Danny Miller, Acting Director of Occupational Health and Safety, and Mike Annear, Vice-Chair of the Workers Compensation Board

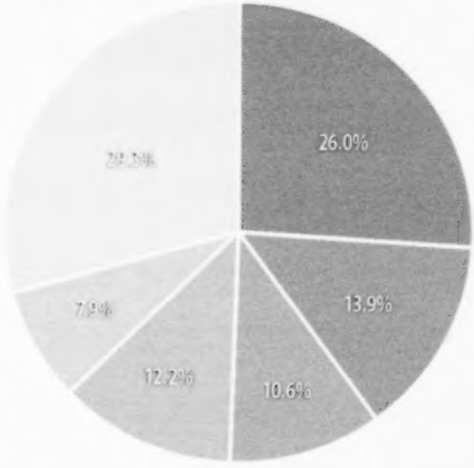
Safety Matters 2015 recipient, Jordon Sampson with Sharon Cameron, former CEO and Mike Annear, Vice-Chair of the Workers Compensation Board.

Anatomical Areas of Injury, 2015 *(Graphic 3)*



- Back (22.7%)
- Arm, Wrist, Hand (17.8%)
- Hip, Knee, Ankle, Foot (17.0%)
- Head, Neck, Throat (13.7%)
- Shoulder (10.1%)
- Multiple Body Parts (9.0%)
- Chest, Abdomen (8.6%)
- Other Body Parts (1.0%)

Percentage of Workplace Injuries by Industry, 2014 *(Graphic 4)*



- Health Care Services (26.0%)
- Manufacturing (13.9%)
- Government Service (10.6%)
- Construction (12.2%)
- Retail Trade (7.9%)
- Other (29.3%)

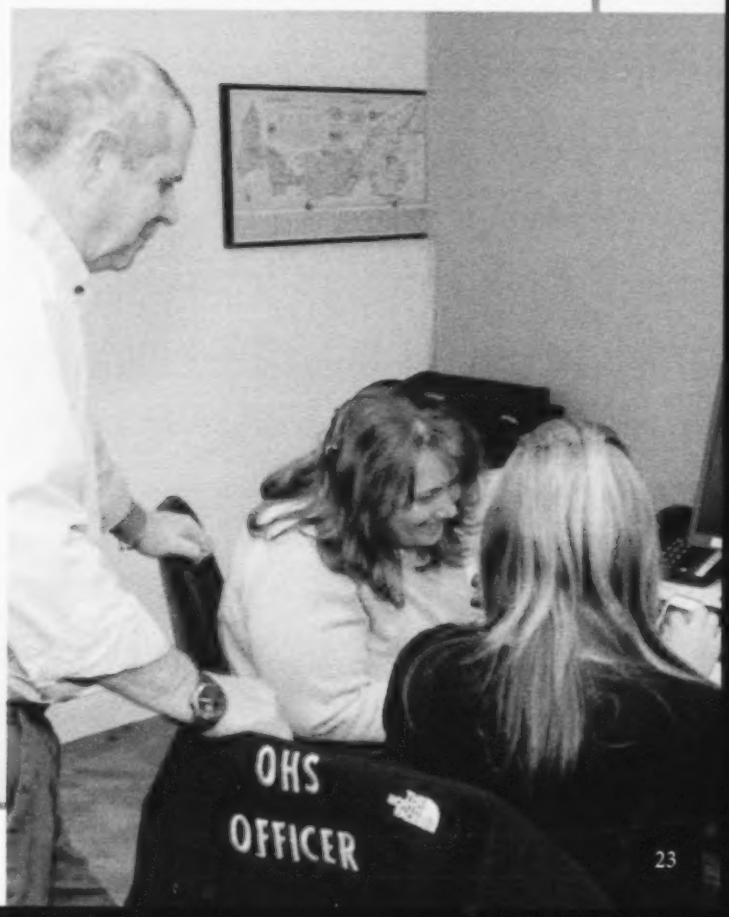
All other island industries; no other industry has >5% of workplace injuries

The most frequently injured body parts are similar to previous years. The back is the most frequently injured part of the body and these injuries account for 23% of all new claims. Arms, wrists and hands are consistently the second most frequently injured body parts at 17.8%.

The industry group with the highest rate of reported injuries continues to be the health care sector accounting for 26% of all new claims. In an effort to address the high rate of injuries in this industry group, the WCB has a dedicated safety officer who works solely with health care providers. Improving the safety culture within this industry is a challenge, but we are seeing success stories related to changing principles and procedures as a result of educational efforts.

Effective leadership within management, learned health and safety practices and a positive progressive work environment have all been identified as key areas in which workplace safety culture can be improved. Building a safety culture—particularly in the context of an aging workforce, economic pressures and workload demands—creates diverse challenges. The WCB continues to work collaboratively with employers and workers to provide resources that will improve the safety culture in all workplaces.

Occupational Health and Safety Officers



Organizational Performance

In 2015 the WCB engaged in numerous initiatives to increase Prince Edward Island's workplace safety culture.

- The 2015 Workplace Health and Safety Conference celebrated the North American Occupational Safety and Health (NAOSH) Week in May. The theme for this sold-out event was "Partners in Eliminating Workplace Injury and Illness".
- The OHS Leadership Program fostered safety champions in Island high schools. In 2015 the program moved beyond the pilot phase and currently has students from seven Island high schools participating in the program.
- The fourth annual WCB Safety Matters Award recognized an exemplary graduating high school student who had demonstrated initiative and an understanding of the principles of occupational health and safety. The 2015 Safety Matters Award winner was Jordan Sampson from Bluefield High School.
- Educational materials from three guides were consolidated into one user-friendly reference using plain language principles. This publication, Information on Workplace Health and Safety, has been widely distributed to stakeholders by OHS staff.
- Employers from industries such as farming, aquaculture and manufacturing were provided with focused guidance to develop effective safety programs for use in their unique workplaces.

The WCB continued to protect Island workers and employers in 2015 through the delivery of core occupational health and safety (OHS) operations in education and enforcement.

Education

Education remains one of the best ways to prevent workplace accidents and injuries. OHS education consultants provide information and advice on health and safety and promote the internal responsibility system in which everyone in the workplace takes an active role. Given that safe work practices and habits begin at a young age, and that young workers are among the highest risk groups for workplace injury, workplace safety education is vital for youth. Principles of health and safety are integrated into the school curriculum to help young workers learn and practice safety in the workplace. Other safety education initiatives for 2015 included the following:

- Creation of a hazard alert on potato harvesters. The alert provides recommendations on precautions that should be taken in order to prevent injuries from occurring.
- Coordination and implementation of the annual Workplace Safety Competition as part of the provincial Skills Canada Competition.
- Participation in events and fairs across PEI to promote workplace safety.
- Delivery to Island employers of young workers an educational session titled *Common Young Worker Injuries*.
- Continued growth of the OHS Leadership Program, a safety champion program for Island high school students.
- Development and distribution of an information booklet entitled *Guide to Workplace Health and Safety*.
- Development on the WCB website of a best practices library which provides employers with information that can be used in the creation of their own safe work practices and workplace safety discussions.

Enforcement

The WCB's OHS officers enforce compliance with the workplace safety standards set out in the *Occupational Health and Safety Act* and its regulations. This is done through inspections and investigations, and by responding to complaints received from workers, employers and concerned members of the public.

Enforcement activities in 2015 included the following:

- 1598 workplace inspections
- 189 investigations into serious injuries, near misses and complaints about the safety of workers or the workplace
- 1238 compliance orders, one for each violation of the safety legislation
- 47 orders in which work was stopped until safety compliance was achieved

Safety for workers was recognized within the provincial legal system in 2015 when, for the first time, a farm employer was prosecuted for not keeping farm equipment safe. Enforcement continues to play an important role in safety culture awareness.

Moving Forward

With the introduction of WHMIS 2015 into Island workplaces, we anticipate a high demand for our knowledge and resources in 2016. The education team will continue to offer a variety of workshops and presentations, and will visit individual employers to provide them with customized consultation. The enforcement team will be ensuring that workplaces on the Island are safe and that employers are in compliance with the *Occupational Health and Safety Act* and its regulations.

To promote service excellence, OHS staff will be provided with ongoing training to meet the changing demands of industry knowledge and technology. It is important to provide consistent, accurate information to our stakeholders to help them improve their safety culture at their workplaces. Efforts will also be made to work with industries and organizations to develop external safety associations that will help deliver critical safety education and training unique to their own needs.

As we move forward, we recognize the changing demographics of our Island workplaces. It is critical to engage the youth, newcomers and others to focus on eliminating injuries and keeping our workplaces safe. Our next safety climate survey, which is part of a longitudinal study to measure the growth of safety culture in Island workplaces, will help us measure our success and identify areas of potential development.

Feature Story:
OHS Leadership Program

Maria Iarenta and Emily Fraser are two young women who attend Montague Regional High School. These best friends are working together to help spread the message of workplace safety. On the day of our visit Maria and Emily were hosting a photo booth in support of health and safety which they reported was a great success. They have held other activities, such as Trivia for Tacos and Tips for Timbits, to spread the message of workplace health and safety. They are also attempting to put together a team for Steps for Life in May 2016. The girls advised that, at first, they were concerned that it would be hard to get people interested in the topic, but they have been surprised by the support they have received. Maria and Emily stated, "We feel as though we are accomplishing something." They said that they would definitely recommend participating in the program.

The OHS Leadership Program was first piloted in 2014 in four Island high schools. Following a successful pilot, it was expanded in 2015 to seven high schools, with 14 students participating.

Return to Work Culture

Strategic Theme

Being active, productive and connected to the workplace can promote and accelerate recovery and well being for those who have been injured at work. Research shows that the longer an injured worker is away from work, the less likely he or she is to return to work. The WCB's goal is to assist workers to remain at work or return to work in a safe, timely and sustainable way following a workplace injury. To this end, the WCB will work with all Islanders to promote a culture in which the physical, emotional and social benefits of working during the recovery process are understood and embraced.

The WCB has an important role to play in facilitating, assisting and supporting both workers and employers so that workers are able to remain at work or return to work after a period of time off. We are committed to a client-centered approach in providing support and services necessary to foster appropriate outcomes.

Current State

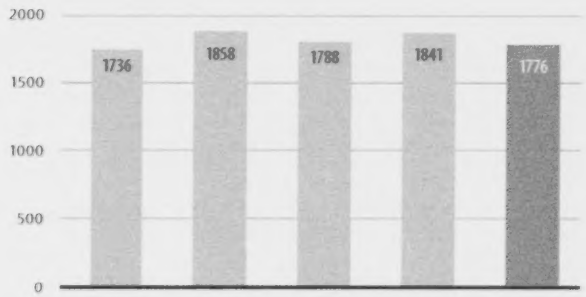
In 2015 the total number of WCB claims adjudicated for workplace injury fell by 3.5% from 1841 in 2014 to 1776 in 2015. The WCB accepted 89% of the claims that were adjudicated in 2015. The WCB strives to make fair decisions based on legislation and policy and to explain these decisions in an understandable way.

There was one claim for a fatality as a result of extended latency occupational disease. For this type of disease, the year in which the claim was accepted by the WCB is the year it is recorded, not necessarily the year in which the occupational exposure occurred, which could be several years prior.

The number of time loss claims, or the claims in which a temporary wage loss resulted, decreased in 2015. The total number of time loss claims in 2015 was 866, a 5.6% decrease from the 2014 total of 918 claims. When the legislated wait period has been satisfied a claim is registered as a time loss claim. In 2015 the wait period was two days. A decrease in time loss claims is encouraging as it may suggest that injuries sustained are less severe in nature or that more employers are enabling workers to recover while continuing to work by providing modified, light or alternative duties during the healing process.

From a trending perspective, although there was a decrease in the number of claims this past year, the variation in claim numbers is not statistically significant. The injury frequency rate is considered to have more validity as it takes into account the size of the workforce in determining the rate of injury.

Number of Adjudicated Claims *(Graphic 5)*



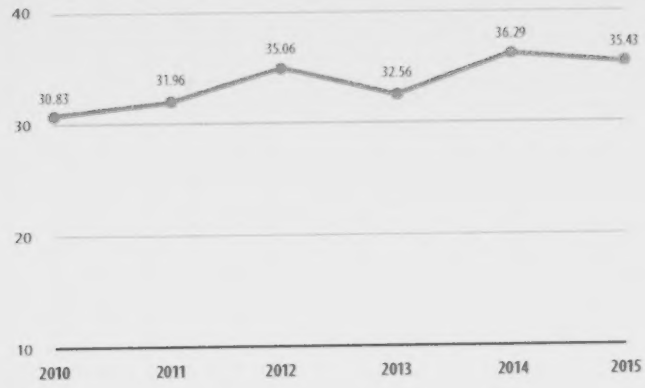
	2011	2012	2013	2014	2015
Total Adjudicated Claims	1736	1858	1788	1841	1776
Temporary Wage Loss	864	930	868	918	866
Medical Aid Only	763	803	774	786	705
Fatalities	0	4	0	1	1
Denied	109	131	146	136	204

Total Adjudicated Claims: Total number of claims adjudicated for entitlement to benefits.
Temporary Wage Loss: Claims received where, as a result of a workplace injury, compensation for wage loss is paid to a worker.
Medical Aid Only: Claims received where, as a result of a workplace injury, a worker does not lose wages but does receive medical aid which is paid on behalf of the worker by the Workers Compensation Board.
Fatalities: Claims accepted as a result of a workplace fatality.
Denied: Claims received and determined not eligible for workers compensation system benefits under the *Workers Compensation Act*.

Thane Myers, owner and operator of Atlantic Enterprise Ltd.

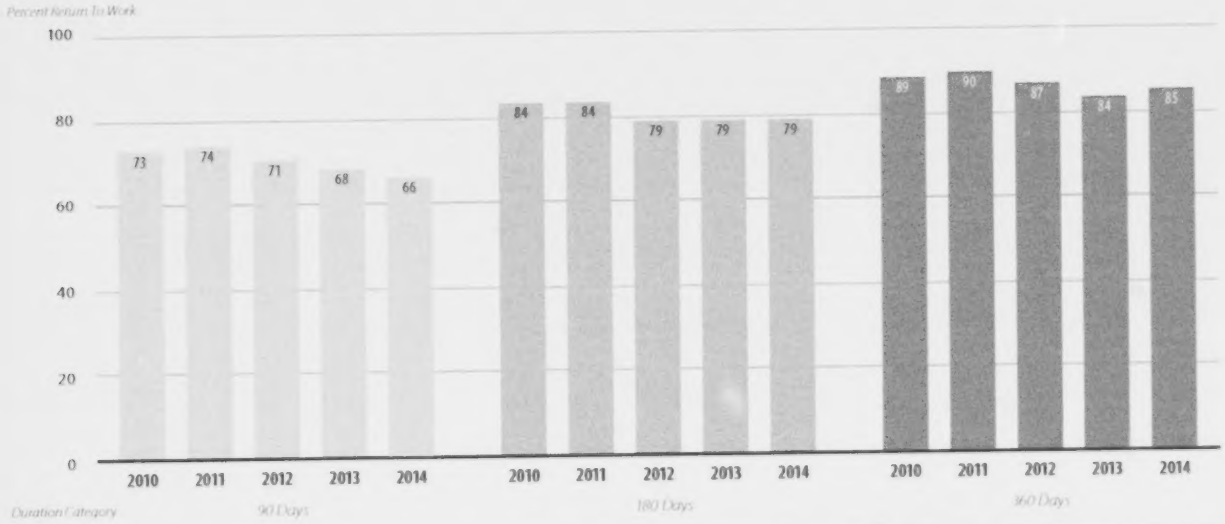
Average Days Claim Duration *(Graphic 6)*

(Average length of time loss for claims accepted in 2015)



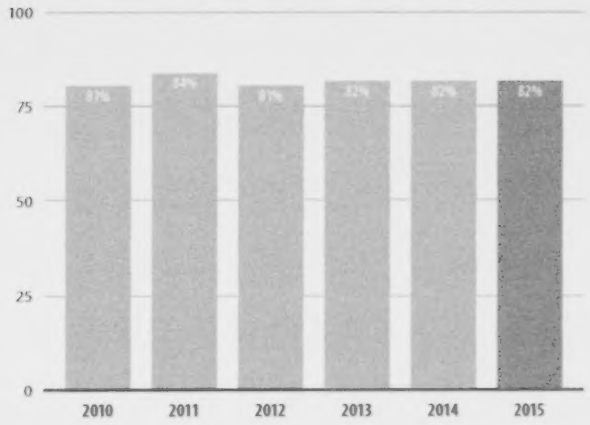
In 2015 average claim duration decreased by 2.37%, from 36.29 days in 2014 to 35.43 days in 2015. The trend for this measure, which refers to the average duration of time loss claims, had shown a gradual increase from 2010 to 2014. It is encouraging to see a reduction in 2015. Factors in the increasing trend may be prolonged recovery periods associated with an aging workforce and the psychological impact of workplace injury. Improving this outcome remains one of the most compelling reasons for the WCB's strategic focus on improving return to work outcomes. Evaluating and acting on emerging issues affecting a worker's ability to return to work – including challenges related to mental health, psychological safety in the workplace and on an aging population – will continue to be a strategic priority.

Percentage of Injured Workers Who Are No Longer on Wage Loss Benefits, 2010-2014 *(Graphic 7)*



The above table (Graphic 7) demonstrates the percentage of injured workers who are no longer on wage loss benefits after 90, 180 and 360 days. The most recent data available relates to claims with a 2014 accident date; the lag year allows us to measure the sustainability of return to work and considers the fact that not all workers are able to remain at work following an initial return. For the past five years, the percentage of injured workers who no longer required wage loss replacement benefits after 90 days decreased by 7%, indicating a need to focus on earlier intervention. The percentage of workers who no longer require wage loss benefits after 360 days has increased by 1%. While only a small increase, this is encouraging as it may be a reflection of an increase in collaborative planning for claims with high time loss from work.

Percentage of Workers Who Returned to Work with Accident Employer, 2010-2015 *(Graphic 8)*



Claim duration and return to work indicators help the WCB to determine where to focus intervention efforts that will have the most positive impact. The WCB will continue to work with stakeholders to promote work as an important component of recovery from workplace injury.

Organizational Performance

In 2015, the WCB focused on a number of initiatives to improve claims management processes and return to work outcomes:

- Development of materials for workers and employers explaining the benefits of work as an important component of recovery
- Changes to the service delivery model to enable earlier return to work intervention.
- Multi-disciplinary case planning for claims with high time loss
- Enhancements to vocational rehabilitation and planning for focused intervention to assist employers in developing return to work programs
- Specialized training for staff in strategies to promote return to work and getting the most from the adjudication encounter
- Development of requirements for case management system modernization
- Collection of baseline data to support the implementation of case management standards
- Focus on timely claim adjudication to support improved service delivery and early return to work intervention
- Renewal of service agreements with physiotherapists and chiropractors focusing on treatment approval based on disability guidelines and timely, online reporting

Moving Forward

In 2016 the WCB will continue to develop and implement initiatives to support improved return to work outcomes:

- Reduction of work disability by minimizing time from injury to confirmed diagnosis
- Focused intervention in assisting employers to develop return to work programs
- Early intervention in the return to work process
- Continuation of multi-disciplinary case planning for claims with high time loss
- Implementation of case management standards
- Focused intervention in the health care sector

Factors that impact claim duration, such as psychological conditions and an aging workforce, will be examined. As well, recovery from concussion injuries will be in the spotlight.

Mary Quigley, injured worker, with Kelly Heydens, RTW Services Coordinator.

Mary Quigley is an injured worker who due to functional restrictions was unable to return to her pre-injury employment. Mary was referred to the WCB's Return to Work Services Coordinator, Kelly Heydens, for an assessment of her work history, transferable skills and employability.

During the assessment process, Mary expressed her willingness and readiness to return to the workforce. Mary and Kelly developed a return to work plan, and she enrolled in a distance education program focusing on natural nutrition. She successfully completed the two-year program in approximately 18 months, and has since opened her own business called Trinity Health Therapies. Mary said that she had a good rapport with Ms. Heydens and a good experience with the Workers Compensation Board's return to work process.

Service Excellence

Workplace Services Staff

Strategic Theme

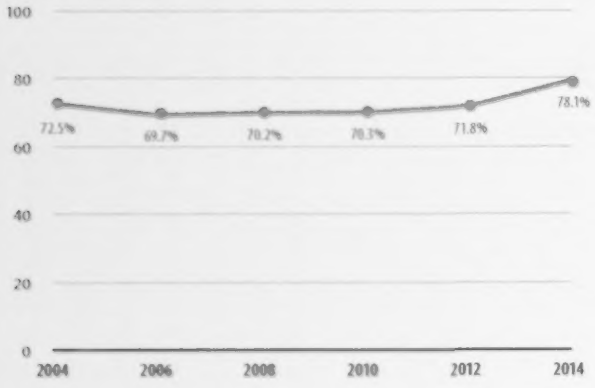
The WCB strives to meet and exceed the expectations of our clients through service excellence. A significant part of the WCB's work involves enforcing workplace safety standards, helping workers during their recovery and collecting assessments from employers. The WCB's goal for service excellence is to deliver a consistent and positive experience at every point of client interaction. It is extremely important that we are respectful, knowledgeable, accountable and transparent in all that we do. The nature of our work can require that difficult decisions be made. We want to provide the best service possible to meet client needs, effectively and respectfully, and to continue to inspire confidence in the safety and compensation system.

Current State

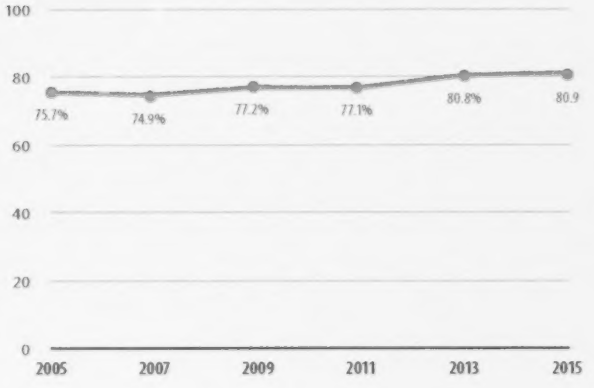
One way to determine how effectively the WCB communicates with our stakeholders is to measure the perception of how well we keep them informed. The results from our stakeholder surveys over the past ten years indicate that the majority of our clients agree that the WCB communicates effectively, with ratings higher among employers. In the 2015 survey, 94% of employers agreed that the WCB does a good job of keeping them informed, a 7% increase from 87% in the previous survey in 2013.

Our survey results indicate that overall satisfaction with the WCB is strongly tied to effective communications. The WCB will continue to develop strategies to improve the ways we communicate with our clients and we have identified this measure as one of our key organizational metrics to gauge success going forward.

Injured Workers WCB Performance Index, 2004-2014 *Graphic 98*



Employer Survey Service Satisfaction Index, 2005-2015 *Graphic 101*

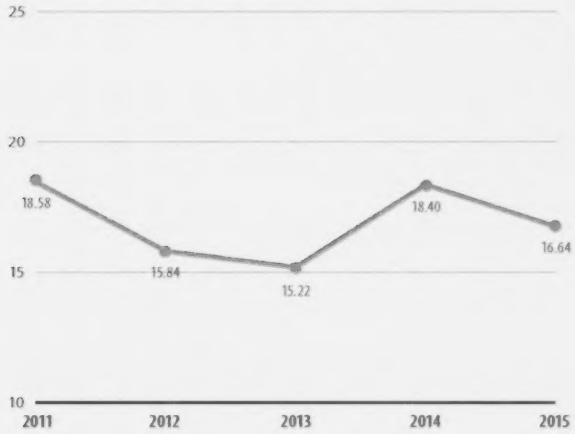


The WCB Vision. Workplaces are safe. Injuries are eliminated. Service excellence is assured.

Organizational Performance

In 2015 the WCB continued to work to improve service delivery to its clients and other stakeholders. Particular areas of focus were claim processing, case management and employer services.

Claim Processing: **Average Calendar Days to First Payment, 2011-2015** *(Graphic 11)*

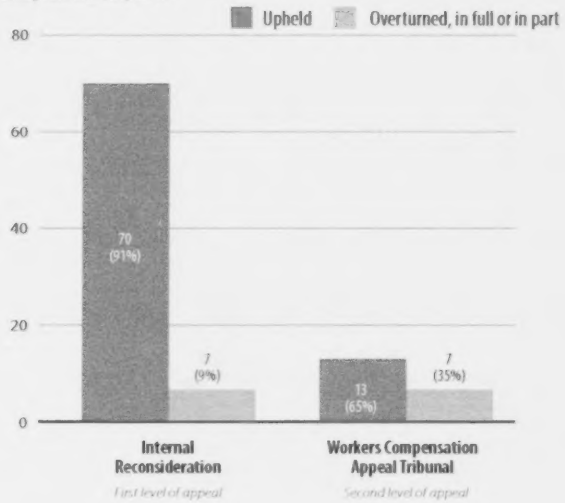


- According to our injured worker surveys, WCB clients expect to receive their first benefit payment within two weeks. In 2015 there was a reduction of 1.76 days in the number of days to process first payment. This is due to enhancements in claim processing standards and changes to the service delivery model to support timely claim adjudication.
- Changing our service delivery model, optimizing resource allocation and providing specialized training to case workers have proved successful in reducing caseloads for case workers. Reduced caseloads enable better return to work planning and improved communication with our clients.
- In Employer Services we continue to encourage use of our suite of online services to support employers in their business with the WCB. An internal audit of the employer audit function revealed positive results and changes made as a result of this audit will enable improved planning in this area.

Decision Making

The WCB is committed to making decisions that apply our policy and legislation in a fair and objective manner. In the event that a worker or employer is not satisfied with a decision, there is an appeal process in place. One way in which we can monitor our ability to make effective decisions is by observing the rate at which they are upheld at appeal (Graphic 12).

Decision Making: **Number of Upheld Decisions at Appeal, 2015** *(Graphic 12)*



The first level of appeal within the workers compensation system is Internal Reconsideration (IR). There were 77 decisions rendered by the WCB Internal Reconsideration officer in 2015, 93% of which were on appeals filed by workers and 7% on appeals filed by employers.

At Internal Reconsideration, the WCB's decision made on the claim was upheld 91% of the time. (There were no assessment-related appeal decisions in 2015.) When an Internal Reconsideration decision is appealed, it is heard at the Workers Compensation Appeal Tribunal (WCAT). Of the 20 decisions made at the WCAT level in 2015, 65% upheld the IR decisions.

These rates attest to the quality of the decisions made by the WCB and we will continue to work on improving the accuracy of our decisions and the ways in which we communicate these decisions.

Technology

In 2015 the WCB continued to enhance employer and health care provider online services to streamline processes. We also implemented changes on the corporate website to provide improved access to information for WCB stakeholders. Online services continue to show growth, with employer participation up 28% from the previous year. In addition, finance applications were updated—allowing the WCB to issue accounts payable direct deposits to administrative vendors, resulting in time and cost savings, and modernized service.

IT Modernization

In May 2015 the Board approved completion of a system review of our case management, occupational health and safety and employer services computer systems. The Board approved the request on May 21, 2015. The review revealed that although the systems had undergone several updates, when compared to the technological advances in the last few years improvements to functionality were required. Specifically, the systems should have more effective and efficient functionality, technical support and support for the overall case management workflow. The WCB examined all corporate applications and tasked staff with determining the future requirements of these systems in order to provide exceptional service delivery to stakeholders.

Moving Forward

The WCB is reviewing our current claim processing standards and will be developing and implementing a more robust structure that will enable us to better identify key areas for improvement.

We will be finalizing and implementing standards for our Worker Services department. These standards will help to increase in claim processing and management. Along with implementation a monitoring system will help us to identify areas for improvement.

The WCB will continue to work toward improving the functionality of our case management, employer services and occupational health and safety business applications. We have identified areas for improvement in which the use of new technology could increase efficiencies and accessibility for workers and employers.

2015 Service Awards

Collaboration

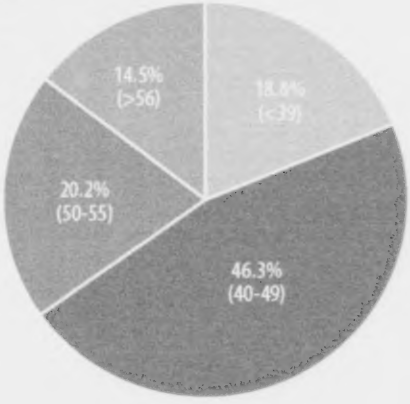
Strategic Theme

Achieving the WCB vision requires a dedicated team working in collaboration toward shared goals. Each team member must understand the core business and appreciate how individual roles can interact to have a positive impact in achieving the WCB's goals. By sharing our skills and knowledge, we strengthen the effort to provide Island workers and employers with an effective workplace safety and compensation system. The WCB will work to develop and advance a collaborative environment that focuses on common purposes and joint decisions.

Current State

Staff Age Demographic (as of December 31, 2015)

Graphic 13



The composition of the WCB team is a key consideration in the development of a collaborative organization. In 2015 the age demographic of our staff shifted slightly, with a 2% increase of staff under 39 years of age and a 2.5% decrease in staff who are 56 years of age or over. This shift to a younger workforce can have a positive impact on long-term human resource planning in the areas of staff development and succession planning.

Our average employee age is 48, with a gender balance of 66% female and 34% male. At our 2015 Annual Service Awards we recognized nine employees with 5 to 30 years of service, totaling 150 years of service with the Workers Compensation Board.

Managers with the WCB have the opportunity to meet regularly to support communication, training and collaboration. This collaborative approach allows for conscious efforts to create strategies, polices and structures in order to honour WCB's values, behaviors and practices.

WCB Staff

Organizational Performance

The WCB invests in training and professional development to cultivate the diverse set of skills required by staff to drive performance improvement and support our mission and goals. In 2015 a number of initiatives were pursued:

- Employees engaged in a facilitated process identifying organizational core competences. Seven core competencies were developed to help guide future development and training opportunities for all levels of staff.

- Webinars, workshops and information sessions were held for WCB directors, managers and supervisors to support their ongoing efforts to provide efficient and continuous performance management. The WCB continued to support an environment of continuous learning through the training funds. In the fall of 2015 the case coordinators and entitlement officers attended specialized training on service excellence and delivery.

- Sick time usage was at an all time low, with an annual average of six and a half days per staff person in 2015. The amount of sick time being used has fallen substantially since 2013, with the average then being ten days per person. The WCB continues to promote employee engagement in the workplace and continues to seek strategies to keep employees healthy, both physically and mentally.

- WCB collaboration also involved external stakeholders and stakeholder groups. We continued to involve our internal and external stakeholders in our policy consultation and most recently for consultations purposes with our newly approved 2016-2018 strategic plan.

- We continued to partner with other jurisdictions to support our investment portfolio, internal audit processes and social marketing opportunities. These partnerships allowed us to exchange ideas, develop joint initiatives and optimize on best practices.

- Our business continuity plan was tested in 2015 to ensure critical services can be maintained or expeditiously restored in the event of a business disruption. Tests have included a facilitated analysis of a simulated emergency situation at the WCB facility involving our emergency response team, communications staff and senior leaders.

- The WCB renewed its commitment to the protection of privacy. In doing so, a cross-divisional Privacy Breach Advisory Committee has been established to promote best practices in privacy breach management and make recommendations to enhance the WCB's culture of privacy protection.

- Preparation work was completed for entry into the 2016 Top 100 Workplaces in Canada competition, with each organizational section providing input for the application and documents. The application was completed and forwarded to the selection committee in April 2015.

Moving Forward

A qualified, committed and motivated staff is the WCB's most valuable resource. We are committed to creating a collaborative environment in which we believe in the work we do, have the tools, knowledge and support we need; and are challenged to contribute to the WCB's ongoing improvement. We believe that collaborative working systems not only overcome barriers in communication but also establish a co-operative work culture that becomes an integral part of the organization's structure.

In 2015 WCB went through some organizational changes reflecting the changing priorities of the business. Changes to our organizational structure allowed employees to learn new skills, explore new opportunities and exercise their creativity in ways that ultimately will benefit the organization through new ideas and increased commitment. WCB hopes that these changes will have us looking at customers' needs in a new way and delivering customer service in more efficient and effective ways, thus positively strengthening our customer interactions.

WCB is committed to receiving feedback from staff. In the fall of 2015 all staff had the opportunity to identify areas in which the workplace could be enhanced. The 2015 Employee Opinion Survey was commissioned by the WCB with a series of questions focusing on mental health and wellness in the workplace. The results of the 2015 survey will be shared and implemented in early spring 2016.

We will continue to provide training and development opportunities for our staff—with a focus on cross-training through knowledge transfer and continued reduction of single incumbent positions. In 2015 a strong emphasis was placed on leadership development and training.

IT Modernization – Service Provider Committee

The IT Modernization project is an organization-wide initiative that encompasses all aspects of the organization. We determined the best[4] way to address the project would be through collaboration. In order to ensure the new system would meet the needs of the organization and its users, twelve committees were established (nine working committees and three advisory committees). Each committee represented a key stakeholder group, or functionality, within the system. In an effort to ensure collaboration and representation, each committee contained one or more employees from each division within the organization. The committees will continue to meet into 2016 and provide feedback and recommendations for a plan to move forward in the spring of 2016.

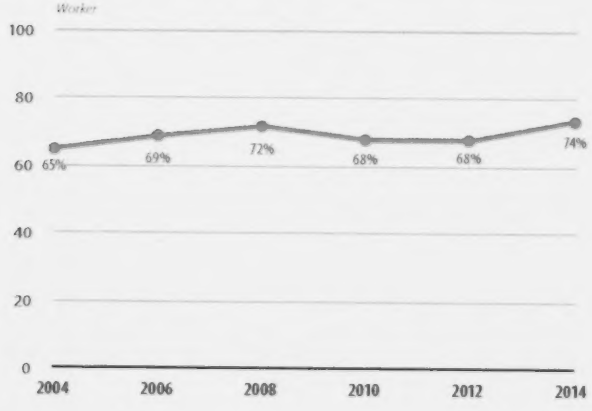
Engagement and Communication

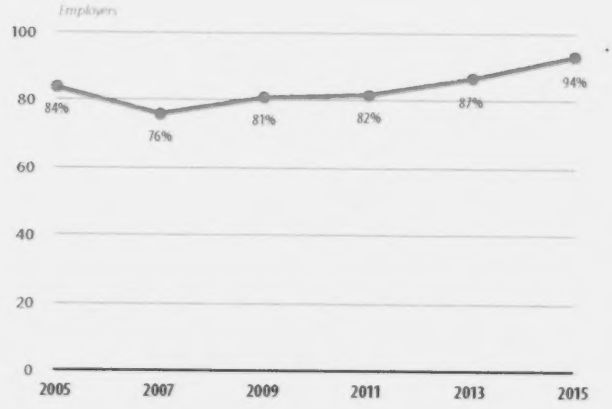
Strategic Theme

Meaningful communication and engagement are critical to the success of our provincial workplace safety and compensation system. Through open dialogue we can identify our stakeholders' needs and measure our effectiveness in meeting their expectations. The WCB is committed to improving the ways in which we consult, collaborate and strengthen relationships with our community. Because stakeholders and their interests evolve over time, the WCB must be both proactive and responsive with a comprehensive, flexible and adaptive stakeholder engagement model.

Current State

Perception That the WCB Does a Good Job of Keeping Employers and Workers Informed (10 year trend) *(Graphic 13)*





One way to determine how effectively the WCB communicates with our stakeholders is to measure the perception of how well we keep them informed. The results from our stakeholder surveys over the past ten years indicate that the majority of our clients agree that the WCB communicates effectively, with ratings higher among employers. In the 2015 survey, 94% of employers agreed that the WCB does a good job of keeping them informed, a 7% increase from 87% in the previous survey in 2013.

Our survey results indicate that overall satisfaction with the WCB is strongly tied to effective communications. The WCB will continue to develop strategies to improve the ways we communicate with our clients and have identified this measure as one of our key organizational metrics to gauge success going forward.

OHS Conference

Organizational Highlights

In 2014 at the recommendation of the PEI Federation of Agriculture discussions were conducted with commodity groups and other farm associations. The WCB engaged in a consultation process with the farming industry in a series of sessions about workers compensation coverage.

The purpose of the farm consultations was to gather feedback from the industry on how the WCB could assist in the transition from optional to mandatory coverage under the *Workers Compensation Act*. The sessions also provided information about workers compensation benefits and cost for coverage.

The consultation process occurred over a period of eighteen months between July of 2014 and December of 2015. A total of nine meetings were held with PEI's largest commodity groups and farm industry associations, four of which took place in 2015. In late 2015, the recommendations from the consultations were submitted in a report to Government.

In 2015 the WCB continued its plain language project to improve the quality and readability of client communications. The WCB corresponds with employers and injured workers on a regular basis and it is critical that the information we provide to our clients be both precise and easy to understand. The first phase of this project was completed in 2014 and saw all of employers' correspondence converted using plain language strategies. The second phase of this project focuses on injured workers and claim correspondence. In 2015 the WCB commenced the second phase of this project with the development of information materials and numerous pieces of claim correspondence rewritten using plain language principles. As well, a new OHS publication, *Information on Workplace Health and Safety*, was developed using plain language principles.

In the fall of 2015 our WCB Workplace Services department partnered with Centrix Disability Management for specialized training. The training took place over a three-day period and involved training in claim adjudication and return to work for entitlement officers and case coordinators.

In 2015 Workplace Services developed and delivered various presentations on such topics as return to work, employer rate setting, and general knowledge about the WCB. These presentations were delivered to employers and organizations such as the Newcomers Society, Holland College, and CUPE.

The WCB continues to maintain involvement in a social marketing partnership with our Atlantic counterparts. The partnership develops regionally-based initiatives that influence perceptions and behaviors about safety and compensation. Based on the insights gained from the social marketing research campaign, strategies will be developed to provide tools for workers, employers and health care providers to aid in helping them with the return to work process.

In June 2015 the Workers Compensation Board of PEI hosted the first annual Association of Workers Compensation Boards of Canada (AWCBC) Governance Summit. The summit brought together 76 board members and executive leaders from across the country to discuss emerging issues and leading edge governance practices. The event was well received by all of the delegates. In addition to the numerous learning opportunities and networking events, the delegates toured our wonderful province, enjoyed some Island hospitality, were entertained by local musicians and dined on the Island's culinary delights.

Moving Forward

The WCB recognizes that our client's expectations are changing, with an increased demand for immediacy through electronic forums such as social media and online transactions. The WCB will continue to look for ways to gain efficiencies and effectiveness in these areas.

Our stakeholder engagement and satisfaction is important to our organization, and we will continue to measure these indexes in order to identify areas for improvement.

At Kent Building Supplies:
Tracey Clayton, Sandra Landry, Raida Dow

The WCB: A Part of Our Island Community

The WCB believes in strengthening our Island community. In our 2013-2015 strategic plan we made corporate social responsibility a priority. Our efforts to build a return to work and safety culture on Prince Edward Island can be strengthened through active participation in our community. As good corporate citizens we must do our part to make our island a better place.

Environmental Stewardship

The WCB continued to be proactive in its recycling and paper reduction initiatives.

We supported an Air Cadets' project by donating obsolete technology such as laptops and cellphones to the organization.

Community Leadership

Volunteers are a vital part of any community and the WCB is very proud of the volunteer and charitable work of our staff. Some of our community initiatives included the following:

- Funds raised through casual days were donated to the Alzheimer Society of PEI, Heart & Stroke Foundation, Canadian Mental Health Association of PEI, PEI Humane Society, MS Society, Canadian Cancer Society, Brain Injury Association, Canadian Red Cross, ALS PEI, Autism Society of PEI, IWK, and Anderson House.
- The WCB Mo Bros raised almost $1,500 for the 2015 Movember campaign in support of colon cancer research.
- The social committee organized a Christmas food drive and donated the proceeds to the Upper Room Hospitality Ministry.
- Staff organized a drive for donations to the Salvation Army and Chances Family Centre's Christmas charities.

The WCB is a proud sponsor of the annual Steps for Life Walk, a fundraiser that raises awareness about workplace safety and helps families affected by workplace tragedy.

The WCB continued to support the Threads of Life, a national community organization that helps families who have incurred a workplace tragedy, by providing programs and services to support them in their journey toward healing. In 2015 we sponsored three injured workers to attend the Annual Threads of Life Family Forum, held in Nova Scotia in May. We participated in their annual fundraiser, Steps for Life, and were awarded the Steps for Life Corporate Challenge for the highest staff participation by an Island company.

The WCB will continue to seek out socially responsible initiatives that will strengthen community engagement and have a positive outcome for all Islanders.

Safety Pins (caption: WCB Bowling Team at the 2015 Bowl for Kids Sake fundraiser for Big Brothers Big Sisters.

WCB is a strong supporter of the Movember Initiative recognizing men's health.

2015 Christmas contributions to the Upper Room Ministry.

Financial Analysis

Overview and Analysis of 2015 Financial Results

2015 and 2014 Highlights

Graphic 14

Financial Highlights ($ millions)	2015	2014
Portfolio Investments	226.7	231.3
Benefit Liabilities	165.3	161.6
Assessment Revenue	33.3	34.3
Investment Revenue	9.8	18.2
Claim Costs*	22.7	22.5
Administration Expenses	7.7	7.6
Surplus (Deficit)	(7.9)	18.8
Fund Balance	69.8	77.7

Operational Highlights		
Funded Position (%)	123.9	125.7
Market Rate of Return on Portfolio (%)	4.30	8.46
Number of Assessed Employers	5,056	5,022
Estimated Size of Prince Edward Island Workforce (#)**	73,200	74,000
Average Assessment Rate ($ per $100 of assessable payroll)	1.79	1.90
Assessable Payroll ($ in millions)	1,833.9	1,799.2
Maximum Assessable Earnings ($)	52,100	51,100
Number of Claims Adjudicated	1,776	1,841

** Excludes latency occupational disease adjustment*

***Based on Statistics Canada Labour Force Survey Estimates of entire PEI workforce*

Preface

to the Financial Statement

Long term sustainability of the workers compensation system in Prince Edward Island depends on sound fiscal management, stringent audit standards, full-funding policies and transparent financial reporting. The Workers Compensation Board is committed to protecting the future of the workers compensation system on behalf of Island workers and employers.

Financial Reporting Standards

Investment income is recorded in two ways, smoothed and at fair market value. Under the smoothed method, gains and losses on the sales of investments are smoothed over either four or nine years (depending on the type of asset) rather than being recorded entirely in the year they are sold. The result is to reduce the volatility experienced in financial results, as the recorded annual rate of investment return is more comparable to the long term rate of return than to the short-term rate.

Under the fair value method of recording investment income, gains and losses are recognized in the year they occur. This practice, with fluctuating markets, can introduce a significant amount of volatility to year-end financial results.

During 2004, as a result of new standards introduced by the Canadian Institute of Chartered Accountants, all workers compensation boards in Canada were required to change the way in which they report investment revenue in their financial statements. Investments had to be recorded at their fair market value. International Financial Reporting Standards adopted in 2011 continue to require that investments be recorded at their fair value.

As a way to manage the volatility of investments, the WCB continues to smooth investment returns for the purpose of setting employer assessment rates and for maintenance of the funding policy.

Funding Strategy

The WCB's funded percentage, as per the Funding Policy POL 1.36, was 123.9% at the end of 2015, compared with 125.7% at the end of 2014.

The WCB considers a number of factors as drivers of its key business decisions, including its accounting policy and the health of the investment market. The WCB protects Island employers and workers from market volatility by basing employer assessment rates on the long-term expected rate of return rather than short-term results. Short-term annual investment gains or losses are, by their nature, unpredictable and not guaranteed to be sustained over the long term. The WCB has determined that its financial capacity to lower rates or increase benefits will continue to be based on the long-term expectation for investment returns.

In 2002 the WCB implemented a funding strategy to address retirement of the unfunded liability as of December 31, 2001. In 2007 the WCB replaced this funding strategy with a funding policy which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

The primary goals of the funding policy are to minimize the risk of becoming unfunded, thereby ensuring there is sufficient money available for payment of current and future worker benefits; minimize cost volatility for employers so that the overall average assessment rate for the current year will not vary significantly from the previous year's overall average assessment rate; minimize the total cost charged to employers by ensuring the funded status is appropriate in relation to financial needs; and ensure today's employers pay for the current and future cost of today's accidents.

The funding policy targets a funded status in the range of 100%-110% and includes specific adjustments to be applied to the assessment rate setting process should the funded status fall outside this range.

Financial Highlights for the year ending December 31, 2015

When the Workers Compensation Board of PEI adopted International Financial Reporting Standards (IFRS) in 2011, conformity to the new standards required a restatement of 2010 financial results. In the following sections there will be comparative financial information dating back prior to 2010 that was not restated with the application of IFRS transition adjustment rules as of January 1, 2010.

For background it is recommended that the following pages be read in combination with the consolidated financial statements and accompanying notes.

Revenues

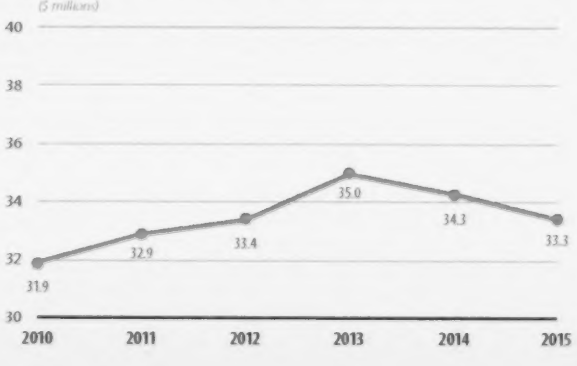
The Workers Compensation Board's revenue comes from two main sources: assessment revenue and investment income.

Assessment Revenue

Revenue from employers arises from two primary groups, assessed employers and self-insured employers. The total assessment revenue is a function of the assessment rate applied against the assessable payroll of each employer in the province. Revenue from self-insured employers includes the recovery of actual claim costs paid along with administration costs related to those claims.

Assessment revenue from assessed employers up to and including 2013 had been increasing, while 2014 and 2015 show slight decreases. (Graphic 15)

Assessment Revenue *(Graphic 15)*



Although the total assessable payroll increased in 2015 (see Table 1), there was a slight decrease in assessment revenue as a result of an average assessment rate decrease of $.11 (in 2015 compared to 2014). The reduction in assessment revenue is intended to bring the fund balance back into the range prescribed by the funding policy.

The total assessment revenue is a function of the assessment rate applied against the assessable payroll of each employer in the province.

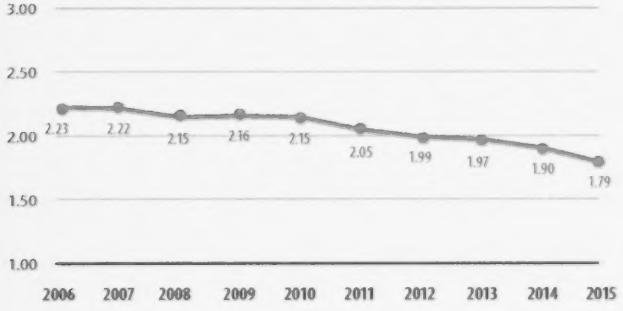
Assessable Employers, Average Assessment Rates and Assessable Payroll (by year) *(Table 1)*

	2015	2014	2013
Assessable Employers (Number)	5,056	5,022	5,025
Average Assessment Rate ($ per $100 assessable payroll)	1.79	1.90	1.97
Assessable Payroll ($ millions)	1,833.90	1,799.21	1,738.46

Since 2004 the WCB has gradually lowered the average assessment rate (Graphic 16), which is the average amount paid by employers per $100 of assessable payroll—across the entire workers compensation system. As a result of the WCB's strong financial position and positive market returns, this trend continued this past year. In 2015 the rate fell to $1.79, a decrease of $.11 from the 2014 rate of $1.90.

Average Assessment Rate, 2006-2015

($ per $100 of assessable payroll) (Graphic 16)



Investment Income

In 2015 the Workers Compensation Board of PEI had investment income of $9.8 million. The Accident Fund is invested in pooled funds with WorkSafeNB.

Investments are important to the Workers Compensation Board because the capital invested plus investment income must cover future claim obligations. Since compensation liabilities have an inflationary component, over time investment income must cover at minimum that inflationary component.

In 2015 the WCB's fair market rate of investment return was 4.30%, a continuation of the steady trend in healthy investment income returns.

Investment Return (%), Smoothed and Fair Market Values, 2006-2015 *(Graphic 17)*

** Under the smoothed method, gains or losses realized on disposal of fixed term income are deferred and amortized on a straight line basis over a nine year period. Realized and unrealized gains and losses on equity investments are deferred and amortized on a straight line basis over a four year period.*

As per IFRS Accounting Standards, investments have been recorded in the financial statements using the fair market value method (recognizing the gains and losses in the year they occur), although investment revenue for funding policy purposes continues to be recorded using the smoothed method. Continued use of the smoothed method for funding policy purposes reduces the impact of volatile investment returns on assessment rates, as per the goals of the funding policy.

Expenses

The WCB's expenses primarily consist of claim costs and operating costs. Operating costs are those associated with the administration of the Workers Compensation Board, Worker and Employer Advisor programs, Workers Compensation Appeals Tribunal, bad debt expenses and investment costs.

Claim Costs for Assessed Employers, 2015 and 2014 ($ thousands) Table 9

	2015			2014		
	Benefit Payments	**Change** in actuarial valuation of benefit liabilities	Total	**Benefit Payments**	**Change** in actuarial valuation of benefit liabilities	Total
Temporary Wage Loss	7,381	-271	**7,110**	7,984	693	**8,677**
Pension and Extended Wage Loss	9,482	3,791	**13,273**	8,501	502	**9,003**
Health Care	6,475	-461	**6,014**	6,434	1,471	**4,963**
Rehabilitation	824	334	**1,158**	693	83	**776**
Claim Administration	1,571	221	**1,792**	1,535	-13	**1,522**
Total	**25,733**	**3,614**	**29,347**	**25,147**	**-206**	**24,941**

The primary expenses associated with claim costs are benefit payments and the actuarial valuation of benefits. The estimation of outstanding benefit liabilities involves a variety of actuarial techniques that analyze experience, trends and other relevant factors, based largely on the assumption that past experiences are an appropriate predictor of the future. This process involves an actuarial projection of future claims costs and administration costs incurred to the end of the reporting year (2015). During this process variances in the previous liabilities estimated (i.e., lower or higher actuarial liabilities than previously anticipated) can result in an increase (gain) or decrease (loss) to total income.

Annual gains and losses in liabilities are a normal occurrence and overall for 2015 there is a $3.8 million gain (Experience gains, page #68). The primary factors contributing to this net result in 2015 were the following:

- 2015 Temporary Wage Loss (TWL) payments were slightly lower than expected (gain).
- Pension liability was reduced as payments decreased for this closed group of claims (gain).
- The number of new Extended Wage Loss claims (EWL) granted in 2015 was higher than expected (loss).
- 2015 health care payments were slightly lower than expected (gain).

Operating Costs

Although the Workers Compensation Board administration costs in 2015 increased slightly from 2014 they were actually 12% lower than the projected budget. The WCB continues to monitor annual administration cost increases that can result from rising costs of goods and services. Increases in specific operating costs were offset by decreases in costs.

Operating Costs, 2015 and 2014 ($ millions) *(Table 3)*

	2015	2014
Administration	7,230,860	7,130,785
Appeals Tribunal and Advisors		
Worker Advisor	167,298	180,425
Employer Advisor	154,279	137,271
Workers Compensation Appeals Tribunal	142,554	131,539
Investment Management Expenses	1,174,269	1,195,417
Bad Debt Expenses	7,558	331,102
Total	**8,876,818**	**9,106,539**

As expected, investment management expenses decreased slightly in 2015 due to a reduction in the investment fund of $4.6 million as compared to 2014. Bad debt expenses decreased significantly in 2015 when compared to 2014. Both of these decreases are an outcome of the surplus distribution given back to employers.

Surplus Distribution

In 2015, the Workers Compensation Board of Directors approved that an investment surplus be distributed back to our employers. This surplus was created as a result of a higher than expected investment return. It was an immediate approach to help bring the funded position closer to our target range without creating volatility in the rate.

Strong investment returns in combination with a funded position greater than our target funding range resulted in a strong surplus. WCB is mandated to be funded at 100-110% as per the funding policy. However, due to our investment performance, our funded position reached 125.7 % in 2014. While rates were reduced over the past few years to address the surplus, the portfolio continued to perform well and the surplus continued to grow.

The distribution was established through a fair and equitable process and was based on 2014 assessments. The surplus was distributed to eligible employers in November 2015. The Workers Compensation Board of PEI will be performing a detailed review of its current funding policy in 2016.

Funded Balance

A fully funded compensation system is essential to secure the financial obligations associated with the payment of current and future worker benefits, as well as to fund the effective administration of the workers compensation system.

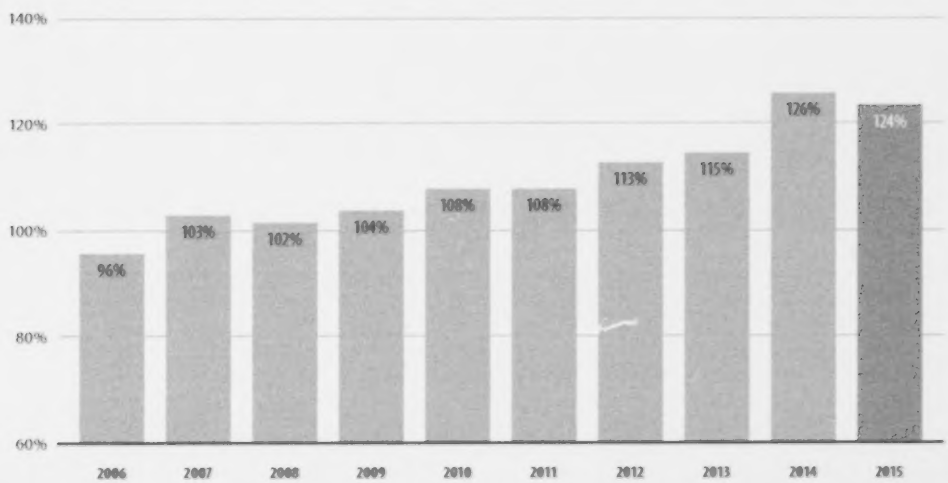
By legislation, the Workers Compensation Board of PEI is required to maintain a fully-funded status, or where it does not, to have a plan by which it will be fully funded within a definite number of years. Being in a fully funded position means that the Board, if it were to close its doors today and collect no more assessments from employers, it would be in a position to pay all future benefits to which injured workers are entitled, and the costs associated with administering those claims.

In keeping with our strategic objective to ensure long-term financial sustainability, we attained a funded balance (accumulated surplus) of $69.8 million at the end of 2015. The funded balance decreased in 2015, primarily due to the surplus distribution that was given back to employers. The fund balance is one factor which can lead to changes in assessment rates.

Funded Position

In 2015 the WCB's funded position was 123.9%, as compared to 125.7% in 2014. This continued healthy financial position enables the WCB to focus on proactive efforts to prevent injury, assist injured workers in returning to work, and monitor and control costs.

Funded Position (%) 2006-2015 *(Graphic 18)*



The WCB has a funding policy in place to maintain a stable funded position in the range of 100–110%. If the funded position falls outside of this range, above or below, the WCB will take measures to bring it back inside the range. Policy POL 136 states that when the WCB's funded position exceeds the 110%, excess revenues will be considered in the rate setting process. The smoothed investment returns, as opposed to fair market rates, are considered in the funding policy because this ensures that annual assessment rates are based on a long-term rate of return rather than volatile annual investment returns, thereby providing employers with a buffer from market volatility.

This healthy financial position

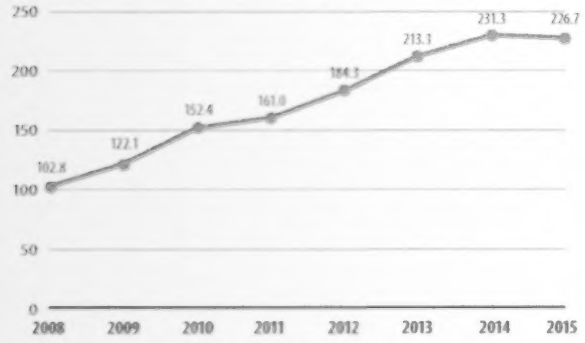
enables the WCB to focus on proactive efforts to prevent injury and assist injured workers in returning to work.

Balance Sheet

Investments

One of the largest and most significant components of the WCB's balance sheet is its portfolio of investments. As of December 31, 2015 the value of the portfolio was $226.7 million. On December 31, 2014 the value of the portfolio was $231.3 million. This decrease primarily reflects the combined effects of the surplus distribution (decrease to the portfolio) and the investment income (increase to the portfolio).

Investment Fund ($millions), 2008-2015 *(Graphic 19)*



Benefit Liabilities

The other most important component of WCB's balance sheet is its benefit liabilities. In 2015 total benefit liabilities increased by 2.3%.

The calculated liabilities represent the actuarial present value of all future benefits expected to be paid as a result of injuries that occurred on or before December 31, 2015. The liabilities include a provision for future administrative expenses. Note 11 (page #) of the financial statement provides a detailed overview of the benefits liabilities.

The most significant assumptions underlying the valuation are a real rate of return of 3.5% per annum and a long term inflation rate of 2.5% per annum. The projected long term inflation rate for 2015 was changed to 2.5% from the 3.0% used in the 2014 valuation. All other general methods and assumptions used to prepare the valuation have remained unchanged from those used to prepare the December 2014 valuation.

The 2015 benefit liabilities include provision for occupational disease claims expected to be diagnosed after December 31, 2015 as a result of exposures assumed to have occurred in the workplace prior to December 31, 2015. This represents 4.5% of the benefit liabilities. The new actuarial standards of practice (effective March 15, 2011) state that for valuation dates on and after December 31, 2015, allowance for all occupational disease claims in the latency stage for recognized occupational disease must be included in the valuation. The standards allowed for early adoption, which the WCB was able to recognize in 2013 due to its strong financial position.

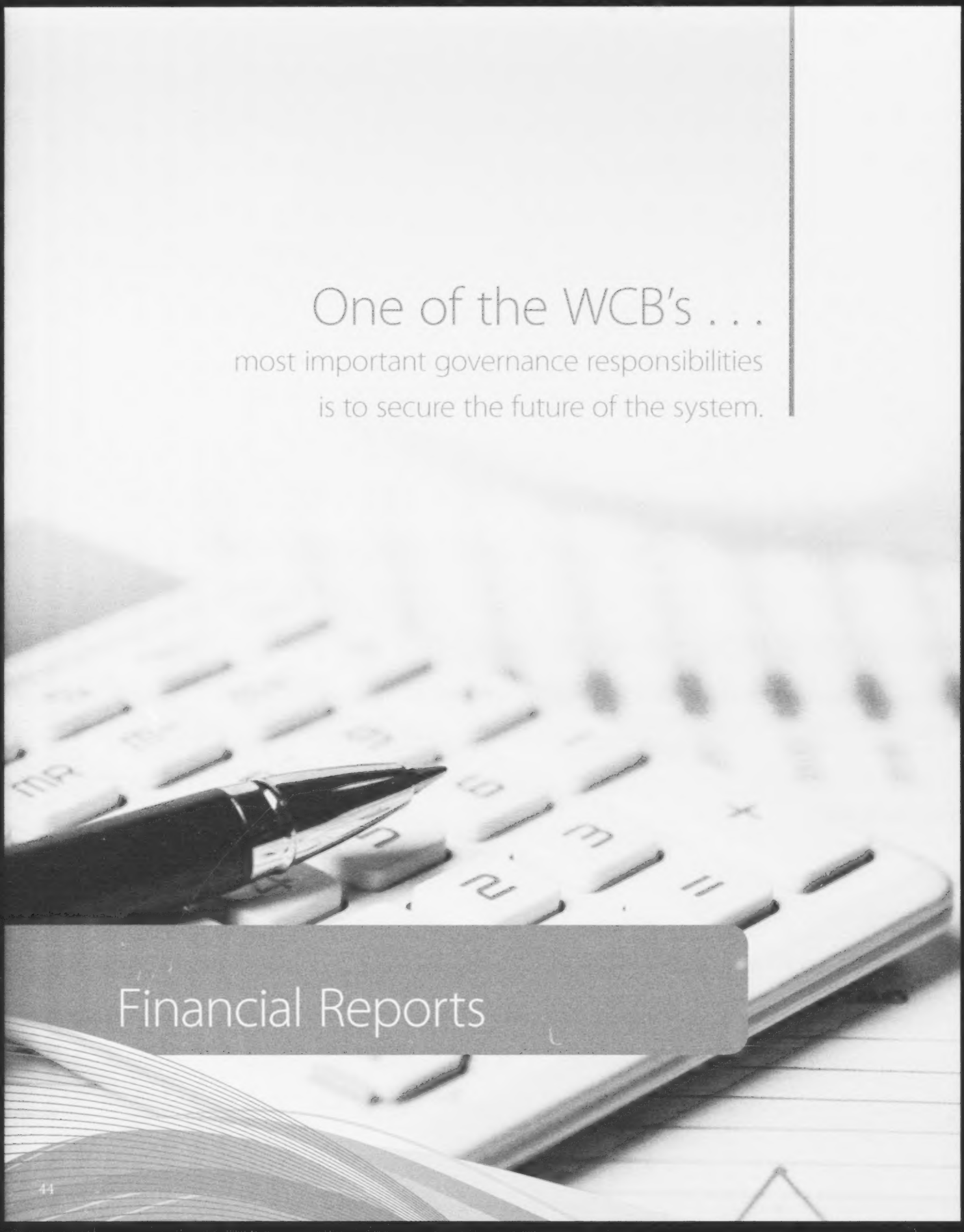
Benefit Liabilities ($ thousands), 2015 and 2014 *(Table 4)*

	2015	2014
Temporary Wage Loss	11,507	11,778
Pension and Extended Wage Loss	103,864	100,073
Health Care	30,509	30,970
Rehabilitation	2,687	2,353
Administration	9,657	9,436
Legislative Changes	7,120	6,957
Occupational Diseases		
Total	**165,344**	**161,567**

We expect the Board to maintain a strong financial position despite the potential for fluctuations in the investment market. We will continue to be prudent as we recognize investment gains and losses over a reasonable time period, set rates, and evaluate the funding strategy.

One of the WCB's . . .

most important governance responsibilities is to secure the future of the system.



Financial Reports

Management Responsibility for Financial Reporting

The financial statements are the responsibility of management and have been prepared in conformity with International Financial Reporting Standards. The preparation of financial information is an integral part of management's broader responsibility for the ongoing operations of the WCB. Based on management's knowledge, having exercised reasonable diligence, the financial statements fairly represent in all material respect the financial conditions, results or operations, and cash flow as at December 31, 2015.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the internal controls necessary to provide reasonable assurance that relevant and reliable information is produced and those assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2015 operate effectively with no material weakness in the design or operations of the controls.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the financial statements included in this annual report.

The Board of Directors is assisted in its responsibilities by its Audit and Finance Committee. The committee reviews and recommends approval of the financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler LTD, Workers Compensation Board of PEI's independent consulting actuary, has completed an actuarial valuation of the benefits liabilities included in Workers Compensation Board of PEI's financial statements and reported thereon in accordance with accepted actuarial principles.

Grant Thornton, Workers Compensation Board of PEI's independent auditors, has performed an audit of Workers Compensation Board of PEI's financial statements in accordance with International Financial Reporting Standards. The Independent Auditors' Report outlines the scope of this independent audit and includes the opinion expressed on the financial statements.

Luanne Gallant
Chief Executive Officer

Tammy Turner,
Director, Finance

Eckler

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefit liabilities for insured employers under the Workers Compensation Act of Prince Edward Island (the "Act") as at December 31, 2015, for the purpose of providing input to the Financial Statements of the Workers Compensation Board of Prince Edward Island (the "Board"). The valuation is in respect of assessed firms only, and does not include any provision for future payments in respect of self-insured firms.

Our estimate of the benefits liabilities of $165,344,000 represents the actuarial present value at December 31, 2015, of all expected benefit payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2015. The liabilities include a provision for future administrative expenses based on a study conducted by Board staff. The liabilities also include an appropriate provision for potential outstanding latent occupational disease awards. No allowance has been made in these liabilities for any future deviations from the present policies and practices of the Board or for the extension of new coverage types.

Data required for the valuation has been provided by the Board. We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years.

The liabilities have been allocated into five categories, namely: temporary wage loss; pensions and extended wage loss; health care; rehabilitation and administration.

All liabilities have been calculated using underlying assumptions of 3.50% per annum for the real rate of return on invested assets and 2.50% per annum for the rate of increase in the Consumer Price Index.

The CPI assumption equates to inflation rates for indexing benefits of 2.00% per annum in respect of pensions, extended wage loss and survivor benefits, because indexing for these benefits is specified under the Act as 80% of the rate of increase in the Consumer Price Index. No indexing is applied to Section 43 awards in-pay in accordance with Board policy.

Liabilities in respect of permanent extended wage loss, pensions, and Section 43 awards in-pay have been determined by projecting cash flows on an individual claimant basis using mortality as the only decrement.

Liabilities in respect of future extended wage loss and Section 43 awards have been determined based on factors developed from historical patterns of awards, and using mortality, interest, and inflation assumptions identical to those used in determining the existing extended wage loss and Section 43 liabilities.

The liabilities in respect of temporary wage loss, health care, rehabilitation and permanent impairment lump sum awards have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the injury. An inflation rate of 2.50% per annum has been used to project future cash flows for temporary wage loss, wage-related rehabilitation, and permanent impairment lump sums. For health care and non-wage related rehabilitation, we used an inflation rate of 4.25% per annum reflecting the greater expected inflation and utilization rate for these benefit categories.

It is our opinion that:

- the data are sufficient and reliable for the purpose of this valuation;
- the actuarial assumptions and the methods employed are appropriate for the purpose of the valuation; and
- the amount of benefit liabilities makes appropriate provision for future benefit payments on accidents incurred prior to the valuation date.

Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial practice in Canada.

Further information on the data, assumptions, methods, and valuation results can be found in our actuarial valuation report.

Jeff Turnbull, FSA FCIA

Scott Mossman, FSA FCIA

Grant Thornton

Independent auditor's report

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To the members of the Board of the

Workers Compensation Board of Prince Edward Island

We have audited the accompanying financial statements of the Workers Compensation Board of Prince Edward Island, which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive (loss) income, changes in fund balance and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Workers Compensation Board of Prince Edward Island as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Charlottetown, Prince Edward Island

April 28, 2016

Chartered Professional Accountants

Workers Compensation Board of Prince Edward Island
Statements of comprehensive (loss) income

Year ended December 31	Notes	2015	2014
Revenues			
Current assessments		$ 33,268,736	$ 34,261,709
Self-insured employers	12	996,692	961,410
Investments	4	9,825,020	18,226,663
Interest on receivables		205,217	207,837
Recoverable administration fees and interest charges to self-insured employers	12	298,347	315,320
		44,594,012	53,972,939
Expenses			
Claims cost expenses			
Expected increase	11	9,949,000	9,977,000
Experience gains	11	(3,752,000)	(7,522,000)
Changes in actuarial assumptions and methodology	11	488,000	-
Claims and administrative costs incurred	11	22,662,000	22,486,000
Latent occupational disease costs incurred	11	163,000	(10,000)
Other experience losses		-	46,000
Claims costs incurred for self-insured employers	12	996,692	961,410
		30,506,692	25,938,410
Administration expenses			
Administration (Page 75)		7,230,860	7,130,785
Workers' Advisor Program	14	167,298	180,425
Employers' Advisor Program	14	154,279	137,271
Appeals Tribunal	14	142,554	131,539
		7,694,991	7,580,020
Other expenses			
Investment management expenses	4	1,174,269	1,195,417
Bad debt expense		7,558	331,102
		1,181,827	1,526,519
Total expenses		39,383,510	35,044,949
Operating income		5,210,502	18,927,990
Distribution to employers (Note 15)		(13,068,225)	-
Net (loss) income		$ (7,857,723)	$ 18,927,990
Other comprehensive (loss) income			
Items that will not be classified in the statement of operations			
Change in actuarial gains and losses		$ -	$ (122,500)
Total comprehensive (loss) income		$ (7,857,723)	$ 18,805,490

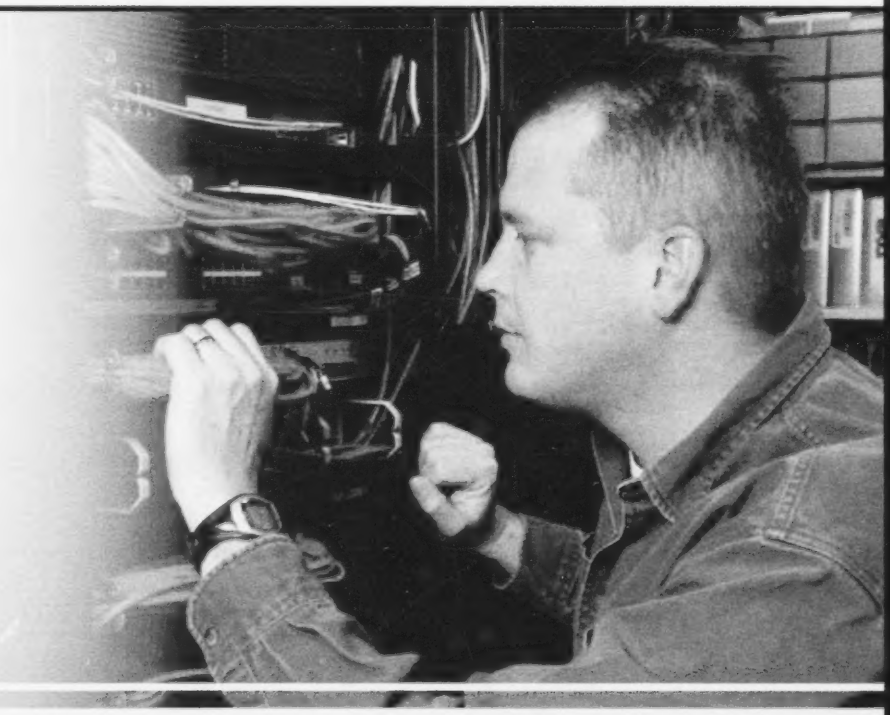
See accompanying notes and schedule to the financial statements.

Workers Compensation Board of Prince Edward Island
Statements of changes in fund balance

Year ended December 31

	Fund balance	Total accumulated comprehensive (loss)	Total fund balance
Balance, January 1, 2015	**$ 77,850,378**	**$ (167,105)**	**$ 77,683,273**
Net loss	**(7,857,723)**	**-**	**(7,857,723)**
Other comprehensive loss	**-**	**-**	**-**
Balance, December 31, 2015	**$ 69,992,655**	**$ (167,105)**	**$ 69,825,550**

	Fund balance	Total accumulated comprehensive (loss)	Total fund balance
Balance, January 1, 2014	$ 58,922,388	$ (44,605)	$ 58,877,783
Excess of revenues over expenses	18,927,990	-	18,927,990
Other comprehensive loss	-	(122,500)	(122,500)
Balance, December 31, 2014	$ 77,850,378	$ (167,105)	$ 77,683,273



Workers Compensation Board of Prince Edward Island
Statements of financial position

December 31	Notes	2015	2014
Assets			
Cash and cash equivalents		**$ 7,620,688**	$ 6,255,956
Receivables	3	**1,099,154**	1,242,161
Investments	4	**226,710,031**	231,312,311
Property and equipment	6	**2,197,769**	2,129,949
Intangible assets	7	**827,806**	1,194,600
		$ 238,455,448	$ 242,134,977
Liabilities and fund balance			
Payables and accruals	9	**$ 1,684,098**	$ 1,325,204
Employee future benefits	10	**1,601,800**	1,559,500
Benefits liabilities	11	**165,344,000**	161,567,000
		168,629,898	164,451,704
Fund balance	13	**69,825,550**	77,683,273
		$ 238,455,448	$ 242,134,977

On behalf of the Board

Stuart Affleck
Chair

Luanne Gallant
Chief Executive Officer

See accompanying notes and schedule to the financial statements.

Workers Compensation Board of Prince Edward Island
Statements of cash flows

Year ended December 31	2015	2014
Cash flow from operating activities		
Cash received from:		
Assessed employers	**$ 33,508,500**	$ 33,830,869
Self insured employers for assessments	**1,018,187**	947,513
	34,526,687	34,778,382
Cash paid:		
To claimants or third parties on their behalf	**(25,158,672)**	(24,619,410)
Refund of overpayment to Province of Prince Edward Island for payment of benefit liabilities	**-**	(2,676,000)
Distribution to employers (Note 15)	**(12,568,225)**	-
For administration requirements and other goods	**(2,777,358)**	(2,461,856)
For salaries to employees	**(6,046,045)**	(5,830,970)
	(46,550,300)	(35,588,236)
Net cash used by operating activities	**(12,023,613)**	(809,854)
Cash flow from investing activities		
Cash received from:		
Investment income net of fees	**4,716,524**	4,547,819
Sale of investments	**69,349,928**	56,758,386
	74,066,452	61,306,205
Cash paid for:		
Purchase of investments	**(60,427,401)**	(61,826,473)
Purchase of intangible assets	**(15,458)**	(71,055)
Purchase of property and equipment	**(235,248)**	(840,050)
	(60,678,107)	(62,737,578)
Net cash provided (used) in investing activities	**13,388,345**	(1,431,373)
Net increase (decrease) in cash and cash equivalents	**1,364,732**	(2,241,227)
Cash and cash equivalents		
Beginning of year	**6,255,956**	8,497,183
End of year	**$ 7,620,688**	$ 6,255,956

See accompanying notes and schedule to the financial statements.

Workers Compensation Board of Prince Edward Island
Notes to the financial statements
December 31, 2015

1. Nature of operations

The Workers Compensation Board of Prince Edward Island ("the Board") was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act*. The Board has a mandate for the administration of a workers' compensation system as defined by the *Workers Compensation Act* and for the administration of health and safety programs as defined by the *Occupational Health and Safety Act*. The Board's head office is located in Charlottetown, Prince Edward Island, Canada.

The nature of operations includes administering payments of benefits to or on behalf of workers, levying and collecting assessment revenues from employers, investing Board funds, inspecting Prince Edward Island workplaces, enforcing health and safety standards defined by legislation and delivering health and safety education and prevention programs. The current *Workers Compensation Act* became effective on January 1, 1995. The current *Occupational Health & Safety Act* became effective on May 20, 2006.

The Board does not receive government funding.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 28, 2016.

2. Summary of significant accounting policies

Basis of presentation and adoption of IFRS
The financial statements of the Board have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements of the Workers Compensation Board of Prince Edward Island comply, in all material respects, with IFRS as issued by the International Accounting Standards Board (IASB) in effect as at December 31, 2015.

The principal accounting policies applied in the preparation of the financial statement are set out below. These policies have been consistently applied, except where departure from IFRS is explicitly permitted under the transitional provisions for first time application of IFRS or another IFRS.

Basis of measurement
The financial statements of the Board have been prepared on a historical cost basis except for investments in the statement of financial position that are reported at fair value. The Board's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Board operates, which is also the presentation currency of the financial statements.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks. Cash and short-term investments held by custodians for investment purposes are not available for general use and, accordingly, are included in investments.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the closing rate, which is the spot exchange rate in effect at the date of the statement of financial position. Exchange differences arising from settlement of monetary items and the subsequent translation of monetary items are included in the statement of operations in the period in which they arise.

2. Summary of significant accounting policies (cont'd)

Accounting estimates and measurement uncertainty
The preparation of financial statements in conformity with IFRS requires the use of judgements, assumptions and estimates as at the date of the financial statements that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting periods presented.

Measurement uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Some accounting measurements require management's best estimate, based on assumptions as at the financial statement date, that reflect the most probable set of economic conditions and planned courses of action.

Benefit liabilities, employee future benefits, accrued assessments, allowance for doubtful accounts and depreciation are the most significant items that are based on accounting estimates. Actual results could differ from the estimates made by management in these financial statements and these differences, which may be material, could require adjustment in subsequent reporting periods. See Note 11 for additional details on benefit liabilities.

Revenue recognition
The Board recognizes revenue when services have been provided, it is probable that the associated economic benefits will flow to the Board and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. The Board's primary source of revenue is assessed premiums.

Self-insured employers are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers. As such, assessment revenues from self-insured employers are recognized as these costs are incurred.

Specific accounting policies
To facilitate a better understanding of the Board's financial statements, significant accounting policies are disclosed in the notes, where applicable, of the related accounting topics. A listing of these notes is as follows:

Note	Topic	Page
3	Receivables	54
4	Investments	55
6	Property and equipment	61
7	Intangible assets	62
9	Payables and accruals	63
10	Employee benefits	64
11	Benefits liabilities	65
12	Self-insured employers	72

2. Summary of significant accounting policies (cont'd)

Future accounting standards and reporting changes

The IASB is currently working on revisions to IFRS 4 (Insurance Contracts), IAS 17 (Leases) and IAS 18 (Revenues). At the current time, the impact of proposed revisions is not determinable.

3. Receivables

Accounting policy

Trade receivables are amounts due from employers for assessed premiums, or estimated premiums, when a final return for insurance coverage for the period has not been filed. Assessed premiums receivable are initially recognized at the invoiced amount and, subsequently, measured at recoverable value that is net of a provision for uncollectible amounts. Trade and other receivables are classified as financial assets and are recorded at amortized cost.

At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate; therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessments are levied on a monthly basis.

Other receivables include amounts due from employees for computer purchases and other payroll related items.

	2015	2014
Receivables		
Assessments	**$ 1,448,628**	$ 1,759,029
Less allowance for doubtful accounts	**(369,048)**	(469,157)
Accrued assessments	**(133,986)**	(204,622)
Self-insured employers	**(37,256)**	(15,761)
Other receivables	**190,816**	172,672
	$ 1,099,154	$ 1,242,161

4. Investments

Accounting policy

All the Board's portfolio investments, except real-return bonds, are mandatorily classified as fair value through profit or loss investments. Real return bonds have been designated by the Board as fair value through profit or loss as permitted under IFRS 9. As such, all portfolio investments are recorded at their fair value. The Board recognizes interest revenue as earned, dividends when declared and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts received through the sale of the investments and their respective cost base. Unrealized gains and losses on fair value through profit or loss investments are recognized as investment income at year end based on the fair value of the investments at that time. When an investment is sold, the cumulative unrealized gain or loss is reclassified as a realized gain or loss in investment income on the statement of operations. Investment income also includes interest income and income distributions from pooled funds. The Board utilizes trade date accounting for all purchases and sales of financial instruments in its investment portfolio. Transactions are recorded on the date an agreement is entered (the trade date) and not on the date the transaction is finalized (the settlement date). Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the exchange rates in effect on the transactions date. The foreign currency exchange gains or losses for these investments are recorded in the same manner as other investment gains or losses.

Fair values of specific investments are determined as follows:

- Equities are valued at their year end quoted market prices as reported on recognized public securities exchange.
- Fixed-term investments are valued at their year end closing or bid price based on available public quotations from recognized dealers in such securities.
- Commercial paper, short-term notes and treasury bills and term deposits maturing within a year are valued at either their year end closing or bid price based on available quotations from recognized dealers in such securities, or cost plus accrued interest, which approximates fair value.
- Pooled fund units other than infrastructure are valued at their year-end net asset value, as determined by the fund manager or administrator. For pooled funds holdings equity and fixed-income assets, these values represent the Board's proportionate share of underlying net assets at fair values determined using either quoted market prices or year-end closing market prices or the average of the latest bid/ask prices based on available public quotations from recognized dealers in such securities. For pooled funds holding derivatives, cleared derivatives are valued at the closing price quoted by the relevant clearing house, and over-the-counter derivatives are valued using an industry standard model. Exchange-traded options are valued at the last sale price or the closing bid price for long positions and the closing ask price for short positions. For real estate pooled funds, these values represent the Board's proportionate share of the underlying net assets at fair values determined using independent appraisals, net of any liabilities against the fund assets.
- Infrastructure pooled funds are held through a separate corporate entity controlled by Worksafe NB and in which the Board does not have significant influence. Therefore, these infrastructure pooled funds are considered financial instruments and are valued at their most recent net asset value prior to year-end, adjusted for any capital contributions or withdrawals between the net asset value date and year-end, as determined by the fund manager or administrator. The net asset value represents the Board's proportionate share of the underlying net assets at fair values estimated using one or more methodologies, including discounted cash flows, multiples of earnings measures, and recent comparable transactions.
- Forward foreign exchange contracts are valued at their net unrealized gain or loss, based on quoted market exchange rates at the balance sheet date. The Board has not designated the forward exchange contracts as a hedging instrument. Any changes in the fair market value of the instruments are recognized directly into earnings.

4. Investments (cont'd)

	2015	2014
Investments		
Cash and short-term investments	$ 7,285,946	$ 7,053,728
Forward foreign exchange contracts	(2,142,653)	(327,286)
Canadian real estate	33,823,333	34,234,922
Fixed term investments	52,485,596	59,587,004
Infrastructure and foreign real estate	12,688,776	2,692,400
Equities	122,569,033	128,071,543
	$ 226,710,031	$ 231,312,311

	2015	2014
Investment income		
Earned during the year	$ 5,890,793	$ 5,635,692
Realized investment gains	8,535,640	10,399,784
Change in unrealized investment gain (loss)	(4,601,413)	2,191,187
	$ 9,825,020	$ 18,226,663
Investment expenses		
External management fees	$ 943,422	$ 962,580
Management fees paid to Worksafe NB	230,847	232,837
	$ 1,174,269	$ 1,195,417

Pooled funds
Certain of the Board's portfolio investments are held through pooled funds. The fair value of the investments held through pooled funds is as follows:

	2015	2014
Conventional bonds	$ 41,426,718	$ 48,170,608
Real return bonds	11,058,878	10,891,038
Non North American equities	10,657,803	11,026,400
Canada real estate	33,823,333	34,234,922
Absolute return	12,082,716	11,782,139
Infrastructure foreign real estate	12,688,766	2,692,400
	$ 121,738,214	$ 118,797,507

Investment agreement
The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of WorksafeNB. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 14.4% at December 31, 2015 (2014 – 14.6%). The Board pays a fee to WorksafeNB for the administration of the combined investments.

Commitments
The Board, through its investment in pooled infrastructure fund, has committed to contribute investments in these funds, which may be drawn down over the next several years. Unfunded commitments as of December 31, 2015 are $14.8 million.

5. Financial risk management

The Board has established policies for management of its investments. All of the Board's pooled investments are managed by independent, external investment managers. The compliance of these managers with the established policies is monitored on a regular basis. The pooled investments are managed to reduce investment risk by diversifying its portfolio among asset classes, industry sectors, geographic locations and individual securities. Further diversification is achieved by selecting investment managers with varying investment philosophies and styles. From time to time, in conjunction with WorkSafeNB, independent consultants are retained to advise on the appropriateness and effectiveness of its investment policies and practices.

The following sections describe the Board's financial risk exposure and related mitigation strategies.

Market risk
The Board invests in publicly traded equities listed on domestic and foreign exchanges, and bonds traded over the counter through broker dealers. These securities are affected by fluctuations in market prices. Such market changes are subject to economic factors and other fluctuations in domestic and global capital markets, as well as risks to issuers, which may affect the market value of individual securities. Policy guidelines have been established to ensure that the Board's investments are diversified by issuer, industry and geographic location.

The table below indicates the total exposure in each of the equity mandates within the Board's portfolio:

	2015	2014
Canada	$ 30,969,825	$ 34,918,937
United States	42,917,646	46,616,989
International equities	36,054,274	35,509,217
Canadian commercial real estate	33,823,333	34,234,922
Emerging markets	12,627,288	11,026,400
	$ 156,392,366	$ 162,306,465

The table below presents the effect of a change in value of equities held based on management estimates for each of the equity mandates in the Boards' portfolio:

	2015			
Equities **Change in market value**	**15%**	**5%**	**-5%**	**-15%**
Impact on fund balance				
Canadian	$ 4,645,000	$ 1,548,000	$ (1,475,000)	$ (4,040,000)
United States	6,483,000	2,146,000	(2,044,000)	(5,598,000)
International equities	5,408,000	1,803,000	(1,717,000)	(4,703,000)
Canadian commercial real estate	5,073,000	1,691,000	(1,611,000)	(4,412,000)
Emerging markets	1,894,000	631,000	(601,000)	(1,647,000)

5. Financial risk management (cont'd)

Equities Change in market value	2014 15%	 5%	 -5%	 -15%
Impact on fund balance				
Canadian	$ 5,238,000	$ 1,746,000	$ (1,663,000)	$ (4,555,000)
United States	6,993,000	2,331,000	(2,220,000)	(6,080,000)
International equities	5,326,000	1,775,000	(1,691,000)	(4,632,000)
Canadian commercial real estate	5,135,000	1,712,000	(1,630,000)	(4,465,000)
Emerging markets	1,654,000	551,000	(525,000)	(1,438,000)

Foreign currency risk

The Board has certain investments denominated in foreign currencies. Currency risk is the risk that the value of these investments will fluctuate due to changes in foreign exchange rates. For its U.S. and non-North American equities, the Board has adopted a policy to hedge 50% of its developed market foreign currency exposure using forward exchange contracts. Forward foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the foreign exchange rates of the currencies involved in the contracts. The notional amounts in forward foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2015 mature in the first three months of 2015.

The Board has significant current exposure in the US dollar, the Euro, the Japanese Yen and the British Pound. Exposure to changes in these four currencies represents 87% of the Board's total exposure to developed market foreign currencies and 74.3% of the total foreign currency exposure including emerging markets. The Board has holdings of $48,146,000 (2014 - $47,508,000) in US dollar or 21.2% of the portfolio, $11,648,000 (2014 - $10,170,000) or 5.1% in the Euro, $8,535,000 (2014 - $7,870,000) or 3.8% in the Japanese Yen and $8,811,000 (2014 - $5,837,000) or 3.9% in the British Pound.

The table below presents the effects of a 15% appreciation in the Canadian dollar as compared to the US dollar, Euro, Japanese Yen and British Pound on the fund balance:

	2015	2014
CAD/USD	**$ (6,280,000)**	$ (6,196,000)
CAD/EURO	**$ (1,519,000)**	$ (1,326,000)
CAD/YEN	**$ (1,113,000)**	$ (1,026,000)
CAD/POUND	**$ (1,149,000)**	$ (761,000)

At December 31, 2015, the notional value of outstanding forward foreign exchange contracts was $44,550,111 (2014 - $39,587,115). The fair value of these contracts was a loss of $2,142,653 (2014 - loss of $327,286). Unrealized losses on forward foreign exchange contracts of $1,815,367 (2014 - gains of $360,976) were included in investment income.

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power for current monetary assets. To mitigate the effect of inflation on the Board's future liabilities, the portfolio holds inflation sensitive investments, such as real return bonds and real estate. Canadian real return bonds are indexed to the annual change in the Canadian Consumer Price Index.

5. Financial risk management (cont'd)

Interest risk management
Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Board's investment portfolio is exposed to interest rate risk from its holdings of fixed income securities. Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The following table presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining term to maturity				
	Within 1 year	From 1 year to 5 years	Over 5 years	**Total 2015**	Total 2014
Fixed term investments (market value)	$ (111,144)	$ 11,093,899	$ 41,502,841	**$ 52,485,596**	$ 59,587,004

The average effective yield of these fixed term investments is 2.2% (2014 - 2.0%) per annum based on market value.

As of December 31, 2015, had the prevailing interest rate changed by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the value of the fixed term investments would have increased or decreased by $5,819,000 (2014 - $5,892,000) or approximately 9.8% (2014 - 9.9%) of their value.

Credit risk management
Credit risk on fixed term or money market investments or forward foreign exchange contracts arises from the possibility that the counterparty to an instrument fails to meet its obligation to the Board. Policy guidelines have been established to ensure the Board holds corporate fixed term investments with a credit rating of A or higher, and Canadian federal or provincial government fixed term investments with a credit rating of BBB or higher. The Board may only invest in money market instruments that are provincially or federally guaranteed by one of the five largest Canadian chartered banks. Counterparties to forward foreign exchange contracts must have a credit rating of at least AA. As at December 31, 2015, the aggregate amount of fixed income securities with counterparty ratings of BBB was $276,191 (2014 - $nil).

The Board is also exposed to credit risk through its trade receivables. The Board mitigates this risk through a regular monitoring process. Credit risk is mitigated due to the large number of customers and their dispersion across geographic areas and various industries. Allowance for doubtful accounts is reviewed at each balance sheet date. The Board updates its estimates of allowances for doubtful accounts based on customer history.

Fair value hierarchy
In compliance with IFRS 7, Financial Instruments – Disclosures, the Board has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Board's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

5. Financial risk management (cont'd)

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 7,285,946	$ -	$ -	$ 7,285,946
Investments				
Forward foreign exchange contracts	-	(2,142,653)	-	(2,142,653)
Real estate	33,823,333	-	-	33,823,333
Fixed term	52,485,596	-	-	52,485,596
Infrastructure	-	-	12,688,776	12,688,776
Equities	122,569,033	-	-	122,569,033
	$216,163,908	$ (2,142,653)	$ 12,688,776	$226,710,031

During 2015 and 2014, there were no significant transfers of investments between level 1 and level 2.

The following summarizes the changes in the level 3 investments for the year:

	2015	2014
Balance beginning of the year	$ 2,692,400	$ 391,213
Purchase of level 3 investments	8,357,507	2,622,374
Investment income	286,389	150,369
Return of capital	-	(647,829)
Unrealized gains (losses) recognized	1,352,480	176,273
Balance at end of the year	$ 12,688,776	$2,692,400

The investment classified as level 3 above consists of a limited partnership interest in a fund investing in global infrastructure assets. This is a closed-end fund with no active market for its units as at December 31, 2015 and, therefore, classified as a level 3 investment in the fair market hierarchy. This fund has a 12-year life that commenced on October 30, 2013. The general partner has the option to extend the fund's life by 2 years.

Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board mitigates this risk by monitoring cash activities and expected outflows. The Board's current liabilities arise as claims are made. The Board does not have material liabilities that can be called unexpectedly at the demand of a lender or claimant. The Board has no material commitments for capital expenditure and there is no need for such expenditures in the normal course of operations. Claim payments are funded by current operating cash flow including investment income.

There have been no significant changes from the previous year in the exposure to risk or policies, procedure and methods used to measure the risk.

6. Property and equipment

Accounting policy

Property and equipment are reported at cost less subsequent depreciation and impairment losses. The cost of property and equipment includes expenditures that are directly attributable to their acquisition or construction and any other cost directly attributable to the installation and decommissioning of the asset. Property and equipment are depreciated over their estimated lives on the straight line basis. Assets are depreciated at 50% of the applicable rate in the year of acquisition. When parts of an item of property and equipment have materially different useful lives or patterns of benefit consumption, they are accounted for separately (i.e., as major components). The rates used are as follows:

Buildings and components	10 to 40 years, straight line
Furniture and fixtures	10 years, straight line
Computer equipment	5 years, straight line

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

IAS 36, Impairment of Assets, requires an entity to test assets for impairment if indications of impairment exist. Based on an analysis of cash flows, the Board has established that the appropriate cash generating unit for impairment review is the entire entity. As the Board has the statutory power under the Act to increase premiums and/or impose levies to ensure full funding unto the foreseeable future, impairment at the entity level is remote. As at December 31, 2015, management conducted an impairment review at the entity level, which confirmed that there were no significant indicators of impairment which would have a material impact on the Board's ability to generate future economic benefits from its operating non-financial assets.

Gross carrying amount	Land	Buildings	Furniture & fixtures	Computer equipment	2015 Total
Balance January 1, 2015	$ 368,460	$2,360,940	$ 656,631	$ 551,810	$3,937,841
Additions	-	181,006	16,862	37,380	235,248
Disposals	-	-	(35,332)	(1,031)	(36,363)
Balance December 31, 2015	368,460	2,541,946	638,161	588,159	4,136,726
Depreciation and impairment					
Balance January 1, 2015	-	(979,686)	(401,427)	(426,779)	(1,807,892)
Disposals	-	-	27,017	1,031	28,048
Depreciation	-	(82,986)	(28,303)	(47,824)	(159,113)
Balance December 31, 2015	-	(1,062,672)	(402,713)	(473,572)	(1,938,957)
Carrying amount Dec 31, 2015	**$ 368,460**	**$1,479,274**	**$ 235,448**	**$ 114,587**	**$2,197,769**

6. Property and equipment (cont'd)

Gross carrying amount	Land	Buildings	Furniture & Fixtures	Computer Equipment	2014 Total
Balance January 1, 2014	$ 368,460	$1,823,542	$ 443,763	$ 553,039	$3,188,804
Additions	-	537,398	239,931	62,724	840,053
Disposals	-	-	(27,063)	(63,953)	(91,016)
Balance December 31, 2014	368,460	2,360,940	656,631	551,810	3,937,841
Depreciation and impairment					
Balance January 1, 2014	-	(910,117)	(400,275)	(417,937)	(1,728,329)
Disposals	-	-	17,978	51,391	69,369
Depreciation	-	(69,569)	(19,130)	(60,233)	(148,931)
Balance December 31, 2014	-	(979,686)	(401,427)	(426,779)	(1,807,892)
Carrying amount Dec 31, 2014	**$ 368,460**	**$1,381,254**	**$ 255,204**	**$ 125,031**	**$2,129,949**

7. Intangible assets

Accounting policy
Computer software development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Board has the intention and sufficient resources to complete development and to use the asset. Computer software assets are derecognized when these factors no longer exist. The capitalized expenditure includes the direct cost of materials and labour, but not administrative costs, including training. Other development expenditures are expensed as incurred if they do not meet the prescribed capitalization criteria. Similarly, costs associated with maintaining computer software programs in a functional condition, as originally intended, are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Board's intangible assets are comprised of computer software developed internally or acquired through third party vendors and customized as necessary. These costs are accounted for using the cost model whereby capitalized costs are amortized on a straight line or declining balance basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

7. Intangible assets (cont'd)

Internally developed software is amortized on a straight line basis over 10 years for certain software and 3 years for other smaller software programs.

Computer software	2015	2014
Gross carrying amount		
Balance at January 1	$ 4,389,130	$ 4,318,074
Addition, separately acquired	15,458	71,056
Balance at December 31	4,404,588	4,389,130
Amortization and impairment		
Balance at January 1	(3,194,530)	(2,761,401)
Amortization	(382,252)	(433,129)
Balance at December 31	(3,576,782)	(3,194,530)
Carrying amount December 31	$ 827,806	$ 1,194,600

8. Bank indebtedness

The Board has a $500,000 unsecured operating line of credit of which nil was used at December 31, 2015.

9. Payables and accruals

	2015	2014
Accrued staff salaries	$ 21,005	$ 168,843
Accrued vacation pay	184,623	203,699
Trade and other payables	978,470	952,662
Funds held in trust	500,000	-
	$ 1,684,098	$ 1,325,204

10. Employee benefits

Accounting policy
Permanent employees of the Board participate in a defined benefit pension plan sponsored by the Province of Prince Edward Island. As these multi-employer plans meet the accounting requirements for treatment as defined contribution plans, the current year employer contributions are accounted for as current pension expense. The cost of retirement pay benefits earned by employees is actuarially determined using the projected unit credit method prorated on service. Benefits are projected with management's best estimate of salary escalations to retirement and then pro-rated based on service. Remeasurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

Short-term benefits
The Board's short-term benefits for qualified active employees include base salary, compensated absences, group life insurance, dental and medical coverage.

Pension plan
The Board and its employees participate in a multi-employer contributory defined benefit pension plan, administered by the Province of Prince Edward Island under the Civil Service Superannuation Act. The Civil Service Superannuation Fund provides pensions to employees of the Provincial Government and certain Crown Corporation and agencies. Changes were made to the Civil Service Superannuation Act effective January 1, 2014. For service after 2013, the average salary used to determine pension benefits will be calculated using an average of all earnings indexed to the year of retirement. Also, for service after 2018, the age at which an unreduced pension is available will move from 60 to 62 and the years of service will move from 30 to 32. Retirement benefits will be indexed at 1.5% up until 2016. In 2017, pension benefits indexing will depend on the financial health of the fund. The plans are similar to state plans as defined in IAS 19 whereby they are established by legislation to provide retirement benefits for eligible provincial employees. State plans share similar characteristics as mutli-employer plans and are treated as defined contribution plans under IAS 19. For these plans, the Board has no further payment obligations once the contributions have been paid. Since sufficient information is not readily available to account for the Board's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting rules for defined contribution pension plans. The current year expense for this pension plan is $403,179 (2014 - $384,772). As the Board maintains no obligation to cover funding deficiencies within the plan, should any exist, there are no provisions to be recorded for future funding obligations.

At March 31, 2015, the Civil Service Superannuation Fund reported that the pension plan was 100% funded.

Retirement pay benefits
The Board provides a retirement pay benefit equal to one weeks pay for each year of service, subject to a maximum benefit equal to 26 weeks pay. The retirement pay benefit is payable upon retirement. Unionized employees qualify at retirement if they have accrued 10 years of service and attained age 55. Non-unionized employees qualify at retirement if they have accrued 5 years of service and attained age 55, accrued 30 years of service (moving to 32 years of service as of December 2018), or accrued 5 years of service and die or become disabled. The significant actuarial assumptions adopted in measuring the Board's accrued retirement pay benefits obligations are a discount rate of 3.5% (2014 - 3.5%) and a rate of compensation increase of 3.5%. The retirement pay benefits liability has been estimated to equal $1,601,800 (2014 - $1,559,500) based on the last actuarial calculation as of December 31, 2015.

10. Employee benefits (cont'd)

Other information about the Board's retirement pay benefits is as follows:

	2015	2014
Opening retirement pay benefits	$ 1,559,500	$ 1,395,000
Changes in retirement pay benefits	42,300	164,500
Ending retirement pay benefits	$ 1,601,800	$ 1,559,500

Employee benefits risks

The Board's defined benefit plan is indirectly exposed to economic risks with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets. Benefit obligations are exposed to uncertainty of future economic conditions, primarily inflation risk due to uncertainty of the timing of the payments.

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates.

The Board is also exposed to funding risk in the multi-employer plans arising from legislative changes affecting eligibility for and amount of pension and related benefits and performance of plan assets affected by investment policies set by the government. Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind up or amendments, and funding requirements.

11. Benefits liabilities

The benefits liabilities represent the actuarial present value of all future benefit payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and administrative practices in respect of existing claims.

The Board believes that the amount provided for benefit liabilities as at December 31, 2015, is adequate, recognizing that actuarial assumptions as disclosed below may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

Benefits liabilities as at December 31, 2015, have been independently valued by the Board's external actuary. Benefits liabilities include a provision for all benefits provided by current legislation, Board policies, and administrative practices. These liabilities also include a provision for future expenses of administering those benefits. Benefits liabilities do not include a provision for benefits costs of self-insured employers.

Since the benefits liabilities of the Board are of a long-term nature, the actuarial assumptions and methods used to calculate the reported benefits liabilities are based on considerations of future expenses over the long-term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in future conditions within one year of the financial statement date could require a material change in the recognized amounts.

11. Benefits liabilities (cont'd)

Key actuarial assumptions
Important components of the benefits liabilities are long-term in nature, meaning that many claims continue in payment for many years following the accident.

The independent consulting actuary makes significant estimates and judgments in respect of certain liability amounts disclosed in the financial statements and the discount rates used to calculate the present value of future benefit payments. These estimates and judgments are continually being evaluated and are based on historical experience, as well as enhancements to actuarial modeling techniques.

The key areas of significant estimates and judgments and the methodologies used to determine key assumptions are set out below.

A provision is made at year-end for the estimated cost of claims incurred but not settled at the balance sheet date. This provision includes the cost of claims incurred but not reported to the Board.

The estimation of outstanding benefits liabilities is based largely on the assumption that past developments are an appropriate predictor of the future and involves a variety of actuarial techniques that analyze experience, trends and other relevant factors. The process commences with the actuarial projection of the future claims payments and administration costs incurred to the reporting date. The various payment codes of the Board are grouped into a number of benefit categories and analyzed separately.

Modeling approaches are used to analyze and project the various benefit types. These approaches fall into three broad categories, which are as follows:

- Payments per claim for active long-term wage loss, pension and survivor claims;
- Projected payments based on past payment patterns for short-term disability, health care and the first seven years for long-term disability awards; and
- Estimated average benefit payments per claim for projected future long-term wage loss and physical impairment awards.

11. Benefits liabilities (cont'd)

Projected future claims payments and associated administration costs are obtained by examining the results from the above methods. This projection is made without bias toward over or under estimation. As such, the resulting estimate is considered to be a net central estimate of outstanding benefits liabilities that has an approximately equal chance of proving adequate as not.

The projected future claims payments are converted to inflated values, taking into account assumptions about future inflation. The present value of this liability is then calculated, by discounting the inflated cash flows to allow for future returns on the underlying assets using appropriate discount rates. Both implicit and explicit assumptions are made for future inflation. For the first fifteen years of the projection period for short-term disability, health care and the first seven years for long-term disability awards, the future inflation is implied in the development factors. Explicit future inflation assumptions are used for all other liability estimates.

The table below presents key assumptions used to determine the benefits liabilities.

	2015	2014
Gross rate of return	**6.0%**	6.5%
Real rate of return	**3.5%**	3.5%
Increase in inflation	**2.5%**	3.0%
Future administration	**6.5%**	6.5%
Latent occupational diseases	**4.5%**	4.5%

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

General Statement

Assumptions are formulated to be consistent with the funding and investment policies adopted by the Board. Benefits liabilities are valued based on the primary assumption that the system will be in operation for the very long-term. Hence, the focus is on long-term trends as opposed to short-term fluctuations around those trends.

Gross rate of return

The gross rate of return reflects the best estimate of the long-term average rate of return that can be expected using the benchmark asset allocation adopted by the Board in its statement of investment policies and beliefs. The process is based on the estimate of a real rate of return that is then compounded with the long-term average future inflation estimate to obtain the gross rate of return.

Future awards liabilities

For the purposes of projecting future cash flows for the future award liabilities, other than those for future extended wage loss awards, the calculation uses a weighted average of payments made over the 2012 to 2015 period. The weightings are 17% of 2013, 33% of 2014 and 50% of 2015, all adjusted to constant 2015 dollars. In the case of medical aid and hospital expenses, certain large individual cases that are expected to require long-term care have been removed from historical data. For these cases, the ongoing payments have been estimated based on an analysis of the individual file.

Pension in pay

The liabilities in respect of pensions and extended wage loss awards, including survivor benefits that are already in payment, are included in this category. Cash flows, in respect of these categories have been projected on an individual claimant basis using mortality as the only decrement. No provision for termination of benefits from other causes such as recoveries has been made. To the extent such terminations occur, there will be a gain.

11. Benefits liabilities (cont'd)

Future extended wage loss awards

Included in the valuation is a provision for future extended wage loss awards. A claims run off table has been developed based in part on the Board's limited experience with respect to wage loss claims. This table is used to predict the emergence of future extended wage loss claims. The table was developed using a run off table used by another Board with legislation similar to Prince Edward Island's with experience modifications noted in Prince Edward Island as compared to the other jurisdiction.

Future administration

When a claim occurs, it triggers an obligation to provide claims management, maintenance and support in terms of paying the various providers of health care services and compensating workers for lost wages for as long as the claim is open. The future administration expense liability is intended to provide a reasonable allowance for this obligation. A detailed review of future administration expenses is conducted periodically. In this review an estimate is made of the portion of operating expenses that can be attributed to claims maintenance, including a proportionate share of overhead expenses. Based on this review, a liability for future administration expenses of 6.5% of the total benefits liability is included in the liability estimate.

An analysis of the components of and changes in benefits liabilities is as follows:

	Temporary wage loss	Pension and extended wage loss	Health care	Rehabilitation	Administration	**2015 Total**	2014 Total
Balance, beginning of year	$11,778,000	$ 100,073,000	$ 30,970,000	$ 2,353,000	$ 9,436,000	**$ 154,610,000**	$ 154,816,000
Expected increase	766,000	6,434,000	1,994,000	148,000	607,000	**9,949,000**	9,977,000
Assumption changes	(28,000)	552,000	(59,000)	(7,000)	30,000	**488,000**	-
Experience (gains) losses	(1,024,000)	(1,025,000)	(1,811,000)	336,000	(228,000)	**(3,752,000)**	(7,522,000)
	11,492,000	106,034,000	31,094,000	2,830,000	9,845,000	**161,295,000**	157,271,000
Costs incurred	7,396,000	7,312,000	5,890,000	681,000	1,383,000	**22,662,000**	22,486,000
	18,888,000	113,346,000	36,984,000	3,511,000	11,228,000	**183,957,000**	179,757,000
Less: Payments made	(7,381,000)	(9,482,000)	(6,475,000)	(824,000)	(1,571,000)	**(25,733,000)**	(25,147,000)
						158,224,000	154,610,000
Latent occupational diseases	-	-	-	-	-	**7,120,000**	6,957,000
Balance, end of year	$11,507,000	$103,864,000	$ 30,509,000	$ 2,687,000	$ 9,657,000	**$ 165,344,000**	$ 161,567,000

Benefit liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in the future years. They do not add to the Board's liabilities on its net fund balance.

11. Benefits liabilities (cont'd)

Current year injuries

	2015		
	Current year cost	Present value of future costs	Total incurred claims
Health care	$ 1,527,000	$ 4,363,000	$ 5,890,000
Temporary wage loss	2,593,000	4,803,000	7,396,000
Rehabilitation	-	681,000	681,000
Lump sums	131,000	527,000	658,000
Future permanent awards	-	6,654,000	6,654,000
Administration	276,000	1,107,000	1,383,000
Total	$ 4,527,000	$18,135,000	$22,662,000

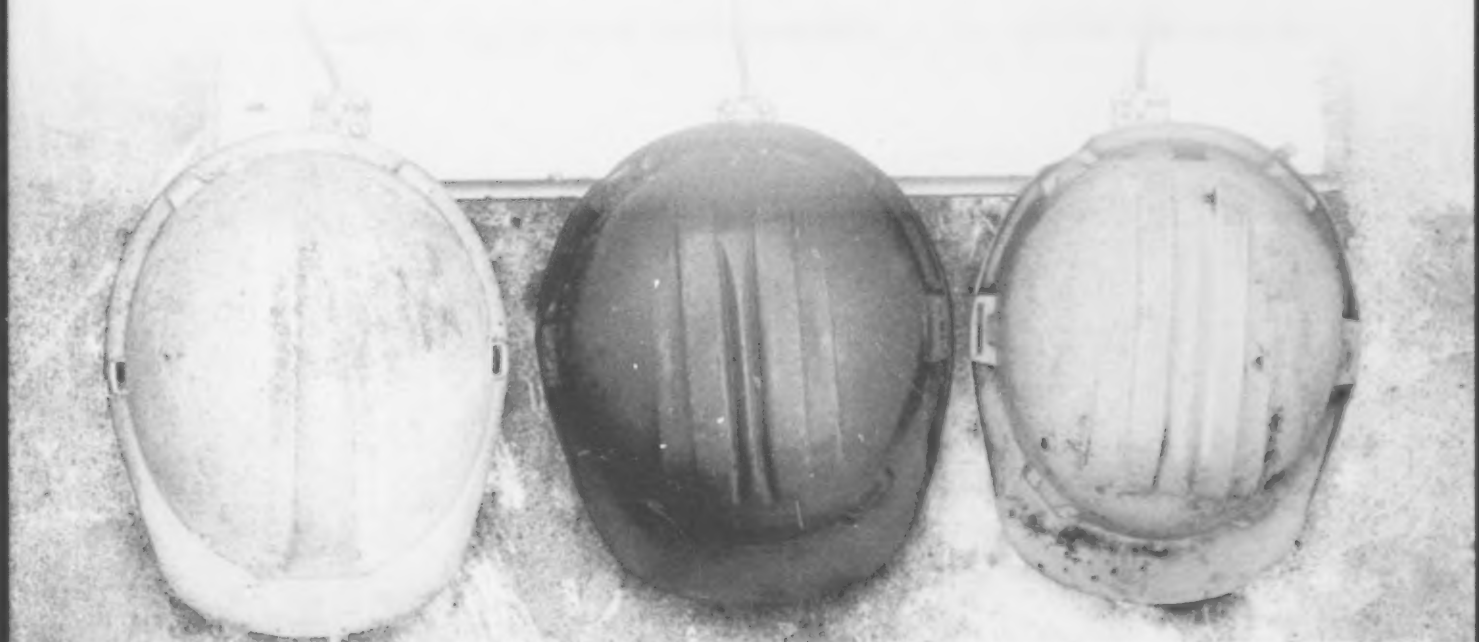
Prior year injuries

	2014		
	Current year cost	Present value of future costs	Total incurred claims
Health care	$ 1,822,000	$ 4,364,000	$ 6,186,000
Temporary wage loss	2,879,000	4,817,000	7,696,000
Rehabilitation	-	585,000	585,000
Lump sums	131,000	343,000	474,000
Future permanent awards	-	6,173,000	6,173,000
Administration	314,000	1,058,000	1,372,000
Total	$ 5,146,000	$17,340,000	$22,486,000

11. Benefits liabilities (cont'd)

Reconciliation of movement in benefits liabilities

	2015	2014
Balance, beginning of the year	$ 161,567,000	$ 161,783,000
Interest on liability	9,949,000	9,977,000
Payments and other transitions	(25,733,000)	(25,147,000)
Balance, end of year for prior accident years	145,783,000	146,613,000
Impact of experience losses (gains) on change in liability for prior accident years due to:		
Mortality and termination	(2,900,000)	(300,000)
Award inflation less than expected	(1,500,000)	(700,000)
New awards	2,900,000	(4,300,000)
Change in expected claim run-off	(1,100,000)	(1,600,000)
Difference between actual and expected payments	(400,000)	(500,000)
Other	(752,000)	(122,000)
Total change in liability	(3,752,000)	(7,522,000)
Assumption changes	488,000	-
Assumption of latent occupational diseases liability	163,000	(10,000)
Liability for new accidents	22,662,000	22,486,000
Balance, end of year	$ 165,344,000	$ 161,567,000



11. Benefits liabilities (cont'd)

Claims development

The estimation of claim development involves assessing the future behaviour of claims, taking into consideration the consistency of the Board's claim handling procedures, the amount of information available, the characteristics of the line of business from which the claim arises and historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

The table that follows presents the development of claims payments and the estimated ultimate cost of claims for the claim years 2006 to 2015. The upper half of the table shows the cumulative amounts paid or estimate to be paid during successive years related to each claim year. The original estimates will be increased or decreased, as more information becomes known about the original claims and overall claim frequency and severity.

($'000)

	Accident year										
Year of estimate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Estimated total cash flow (including past and future cash flows)											
2006	$ 18,805										
2007	18,408	$ 20,438									
2008	17,678	20,093	$ 21,985								
2009	19,977	19,152	21,431	$ 23,164							
2010	21,525	19,722	21,158	24,135	$ 26,044						
2011	19,937	19,120	20,276	24,699	24,901	$ 29,273					
2012	20,110	18,289	19,947	24,987	23,286	28,208	$ 31,901				
2013	20,784	18,202	20,002	23,991	22,033	26,348	29,648	$ 32,752			
2014	19,943	17,587	20,330	23,827	20,465	25,585	27,025	$ 28,539	$ 33,271		
2015	19,074	16,466	19,671	23,897	19,438	25,638	28,580	28,182	30,346	$ 32,825	
Current (2015) estimate of total cash flow	19,074	16,466	19,671	23,897	19,438	25,638	28,580	28,182	30,346	32,825	$244,117
Total cash flows paid December 31, 2015	(10,707)	(10,086)	(10,388)	(11,279)	(9,959)	(13,132)	(12,405)	(10,228)	(8,626)	(4,099)	(100,909)
Estimated future cash flows	8,367	6,380	9,283	12,618	9,479	12,506	16,175	17,954	21,720	28,726	143,208
Impact of discounting	(3,439)	(2,706)	(3,863)	(5,430)	(3,827)	(5,011)	(6,652)	(7,390)	(8,660)	(11,089)	(58,067)
Liability for accident years 2006 - 2015	4,928	3,674	5,420	7,188	5,652	7,495	9,523	10,564	13,060	17,637	85,141
Liability for accident years 2005 and prior											63,426
Claims administration											9,657
Latent occupational diseases liability											7,120
Balance sheet liability at December 31, 2015											**$165,344**

11. Benefits liabilities (cont'd)

Claims risk

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work related injuries, the Board bears risk with respect to its future claims costs, which could have material implications for liability estimation. In determining the Board's claim benefit liabilities, a primary risk is that the actual benefits payments may exceed the estimation of the amount of the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claim run off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

Sensitivity of actuarial assumptions

The benefits liabilities are determined by using many actuarial assumptions. The two most significant assumptions are the real rate of return and inflation rate. The liability estimates are highly sensitive to small changes in these assumptions. The following table presents the sensitivity of the liabilities to the following change in the real rate of return and inflation rate:

	2015	2014
1% Decrease in real rate of return	**$ 11,802,000**	$11,797,000
1% Increase in inflation	**$ (1,008,000)**	$ (990,000)
0.25% Decrease in real rate of return	**$ 2,806,000**	$ 2,807,000
0.50% Decrease in real rate of return	**$ 5,707,000**	$ 5,703,000

12. Self-insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada, who directly bear the costs of their own incurred claims and an appropriate share of administration expenses. Administrative fees and interest charges are included within the schedule of administrative expenses (page 75). Total amounts of assessment revenue and offsetting expenses included in the statements of operations and operating surplus are as follows:

	2015	2014
Current assessment revenue	**$ 996,692**	$ 961,410
Administration fees and interest charges recoverable	**298,347**	315,320
	$ 1,295,039	$ 1,276,730
Claims costs incurred		
Short-term disability	**$ 198,891**	$ 210,570
Long-term disability	**533,658**	503,134
Health care	**264,143**	213,469
Rehabilitation	**-**	34,237
	996,692	961,410
Administration fees and interest charges	**298,347**	315,320
	$ 1,295,039	$ 1,276,730

13. Funding strategy and capital management

In 2002, the Board implemented a funding strategy to address retirement of the unfunded liability as at December 31, 2001. In recognition of the significant improvement in the Board's financial position under this strategy (2002 – 2006), the Board replaced this funding strategy with a funding policy (POL 136) which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

Fully funded means the total assets of the Board are equal to or greater than the total liabilities.

The funding policy will target a funding status in the range of 100% - 110% and includes specific adjustments to be applied to the assessment rate setting process should the funding status fall outside this range. This permitted excess of assets over liabilities reduces the impact of year to year fluctuations, therefore, providing assessment rate stabilization and enhanced security that awarded benefits will be met.

Although, per IFRS 9 – Financial Instruments: Classification and Measurement, investments have been recorded in the financial statements using the fair value method, investment revenue for funding policy purposes continues to be recorded using the smoothing method. Under the smoothing method, gains or losses realized on disposal of fixed term investments are deferred and amortized on a straight line basis over a nine year period. Realized and unrealized gains and losses on equity investments are deferred and amortized on a straight line basis over a four year period. The use of the smoothing method for funding policy purposes continues to be in effect to reduce the volatility of investment returns on assessment rates as per the goals of the funding policy.

Investment reconciliation to the smoothing method	
January 1, 2015 balance	$ 35,403,229
2015 adjustment to record revenue using the smoothing method	(5,860,401)
	$ 29,542,828
Fund balance based on investment smoothing	
Fund balance as currently reported	$ 69,825,550
Adjustment to record revenue using the smoothing method	(29,542,828)
Fund balance based on investment smoothing	$ 40,282,722
Asset total based on investment smoothing	
Total assets as currently reported	$ 238,455,448
Adjustment to record revenue using the smoothing method	(29,542,828)
Asset total based on investment smoothing	$ 208,912,620
Total liabilities as currently reported	$ 168,629,898
Funding status as per funding policy (percentage based on investment smoothing):	123.9%

14. Legislative obligations and other related party transactions

Included in these financial statements are transactions with various Prince Edward Island crown corporations, departments, agencies and Boards related to the Board by virtue of common influence by the Government of Prince Edward Island. Routine operating transactions in the ordinary course of business with related parties are settled at prevailing market prices under normal trade terms.

The Board is required by the *Workers Compensation Act* (the Act) to provide an annual grant to the Workers' Advisor Program. The Workers' Advisor Program operates autonomously from the Board and assists workers or dependants of workers in respect of claims for compensation. During the year, the Board paid $167,298 (2014 - $180,425) of the Program's expenses.

The Board is required by the Act to provide an annual grant to the Employers' Advisor Program. The Employers' Advisor Program operates autonomously from the Board and assists employers in respect of classifications, assessments and claims for compensation. During the year, the Board paid $154,279 (2014 - $137,271) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $142,554 (2014 - $131,539) to cover the operating costs of the Tribunal.

The table below presents total compensation of the key management group, which includes the Board of Directors and senior executive staff.

	2015	2014
Short-term employee benefits	$ 676,984	$ 658,071
Post employment benefits	108,362	69,175
	$ 785,346	$ 727,246

15. Distribution to employers

During the year, the Board of Directors of the Board approved a distribution to active employers of $13,068,225. The Board was able to distribute these funds due to significantly better investment returns. These funds were distributed to employers who had assessable payroll as of December 31, 2014 and was based on base premiums which was defined as assessable payroll times the group assessment rate.

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Workers Compensation Board of Prince Edward Island
Schedule of administration expenses

Year ended December 31	2015	2014
Building operating costs	$ 177,761	$ 165,170
Communications, printing and supplies	127,799	134,394
Computer maintenance	331,069	292,191
Depreciation	541,364	582,058
Dues and fees	92,106	81,946
Interest and bank charges	147,025	148,452
Miscellaneous	40,125	56,929
Postage	94,541	107,743
Professional development	84,039	67,615
Professional fees	961,050	820,838
Salaries		
Board members	81,819	100,128
Staff members	4,865,743	4,764,099
Benefits	862,359	864,580
Retirement benefits (Note 10)	111,540	144,149
Telephone	103,092	98,623
Travel	180,428	236,870
	8,801,860	8,665,785
Less allocation to benefits liabilities (Note 11)	(1,571,000)	(1,535,000)
	$ 7,230,860	$ 7,130,785

Notes:

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Safety Matters @Work

Workers Compensation Board of PEI

2015 Annual Report

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